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|---|---|---|---|---|---|
| Austria | Sch. 20 | Indonesia | Rp 3100 | Philippines | Pes. 20 |
| Bahrain | Din.0 650 | Israel | NS 3.50 | Portugal | Esc 100 |
| Belgium | BFr.45 | Italy | L 1600 | S. Arabia | Rls 6.00 |
| Canada | C$1.00 | Japan | Y600 | Singapore | S$ 4.10 |
| Cyprus | C£0.75 | Jordan | Fils 500 | Spain | Pta 125 |
| Denmark | DKr 9.00 | Kuwait | Fils 500 | Sri Lanka | Rup 30 |
| Egypt | E£1.50 | Lebanon | £L 25.00 | Sweden | SKr 8.00 |
| Finland | Fmk 7.00 | Luxembourg | LFr.45 | Switzerland | SFr2.20 |
| France | FFr. 6.50 | Malaysia | Rgt 4.25 | Taiwan | NT $65 |
| Germany | DM 2.20 | Mexico | Pes. 300 | Tunisia | Din 1.375 |
| Greece | Dr 80 | Morocco | Dh 6.00 | Turkey | L 350 |
| Hong Kong | HK$ 12 | Netherlands | Fl 3.00 | U.A.E. | Dh 6.50 |
| India | Rup. 15 | Norway | Nkr 7.00 | U.S.A. | $1.00 |

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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,139 Wednesday January 21 1987 D 8523 B


**Unemployment: a lesson from Japan, Page 17**

World news | Business summary

## UK Tory to head European Assembly

SIR HENRY PLUMB, head of the UK Conservative group in the European Parliament, was elected to become the first British President of the European Assembly.

Sir Henry rallied support from the centre-right to hold off the challenge of Mr Enrique Baron, the Spanish socialist, by 241 votes to 236 after three ballots. Sir Henry will hold the post for 2½ years. Page 2

### Waite stays

The Archbishop of Canterbury's special envoy, Mr Terry Waite, cancelled plans to leave Beirut saying it was worth continuing his latest mission to free hostages in the city. Page 6

### Moscow oil talks

Saudi Arabian Oil Minister Mr Hisham Nazer met Kremlin officials in Moscow to seek support for Opec moves to bolster the oil price through cuts in production.

### EEC weather aid

European Community ministers agreed to an Ecu 50m ($56m) plan to give hundreds of tonnes of surplus Community food to provide relief for the poor affected by the icy European weather.

### Minister replaced

South Korean President Chun Doo Hwan appointed former general Chung Ho-yong as Interior Minister to replace Kim Chong-hoh, who resigned over the death of a student during police torture. Page 6

### Sweden frees Kurds

Swedish police freed three Kurds who were held for questioning about the murder of Prime Minister Olof Palme in February last year. Page 2

### GCHQ claim rejected

The European Commission of Human Rights rejected a claim brought by trade unionists at the top-secret UK Government Communications Headquarters that the Government's ban on trade union membership was a violation of their human rights. Page 9

### Spaniards protest

About a million Spanish high school and technical college pupils boycotted classes as student unions stepped up their campaign against Government policies on university entrance and fees. Page 2

### German car ban

Authorities in the West German city of Kassel banned the use of all private cars not fitted with exhaust emission controls after a smog alarm showed air pollution reaching dangerous levels.

### More EEC jobless

EEC unemployment rose almost 1 per cent in November to a total of 16.2m, according to Community statistics. Ireland (18.5 per cent), Italy (14) and Belgium (12.8) had the worst unemployment rates; Luxembourg (1.5), Denmark (7.2) and West Germany (7.6) the least.

### Israelis kill three

Israeli troops killed three armed guerrillas in southern Lebanon, about a mile north of the Israeli border, in the second clash in the area in successive nights.

### Guatemalan probe

Guatemala's President Vinicio Cerezo said a panel will investigate the fate of thousands of people who disappeared during 20 years of military rule and probe allegations that an army general has supplied arms to Nicaraguan rebels.

### Fallout weighed

Norway's state radiation board said about a kilogramme of radioactive caesium fell on the country following the fire at the Soviet Union's Chernobyl nuclear reactor.

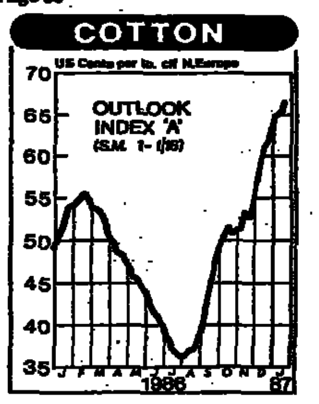
## Citicorp profits top $1bn in full year

A STRONG fourth quarter enabled Citicorp, the biggest US banking group, to report earnings of more than $1bn for the first time in its history. Earnings rose 26 per cent in the final quarter to $306m.

SAMSUNG, diversified South Korean group, threatened to abandon plans for a £17m ($26m) microwave oven plant in the UK if the EEC goes ahead with proposals to impose anti-dumping duties on imported Far Eastern components. Page 19

COTTON market prospects of a close balance between supply and demand continued to bolster prices. The Outlook "A" index, published by Cotton Outlook, advanced to a 21-month record of 66.90p a lb. Page 30

COTTON




WALL STREET: The Dow Jones industrial average closed up 1.97 at 2,104.47. Page 38

LONDON: Attempts at a stock market rally failed as major institutions remained on the sidelines over the dollar's uncertain trend. The FT-SE 100 index ended 0.5 higher at 1,778.9 and the FT Ordinary index gained 2 to 1,399.0. Gilts made gains of up to ¼ a point. Page 38

TOKYO: Persistent expectations of a discount rate cut kept equities rising to yet another record despite investor caution after recent gains. The Nikkei average added 27.44 to 19,216.12. Page 38

GOLD fell $7 on the London bullion market to close at $415.00. It also fell in Zurich to $414.75 ($422.75). Page 30

DOLLAR closed in New York at DM 1.8370; SFr 1.5410; FFr 6.1355 and Y152.50. It rose in London to DM 1.8380 (DM 1.8120); to Y152.60 (Y151.30); to SFr 1.5410 (SFr 1.5180); to FFr 6.14 (FFr 6.06). On Bank of England figures the dollar's exchange rate index rose from 103.7 to 104.7. Page 31

STERLING closed in New York at $1.5195. It fell in London to $1.52 ($1.5340); but rose to DM 2.7925 (DM 2.7800); to FFr 9.3325 (FFr 9.2950); to SFr 2.3425 (SFr 2.3275); and remained unchanged at Y232.0. The pound's exchange rate index remained unchanged at 69.0. Page 31

DASSAULT-BREGUET, French state-controlled aircraft manufacturer which makes Mirage jets, has been forced to cut 833 jobs because of declining orders and uncertainty over the fate of its Rafale fighter prototype. Page 19

SANDVIK, Swedish cemented carbide tools and special steel group, plans to form a joint venture with diamond Boart of Belgium, producer of special abrasive tools, to combine the two companies' oil and gas drilling tools activities. Page 21

JACOBS SUCHARD, Swiss coffee and chocolate group contemplating a takeover bid for Hero, a local foods company, has reported increased profits for 1986 and said it planned to pay a higher dividend. Page 19

R.J. REYNOLDS Tobacco International, international tobacco arm of R.J.R. Nabisco, US tobacco and food group, is to move its headquarters to London from Winston-Salem, North Carolina. Page 19

WANG Laboratories, US manufacturer of minicomputers and word processing systems, lost £78.9m, or 49 cents a share, in the three months to December, the second quarter of its fiscal year. Page 19

# Morgan Grenfell chiefs quit over Guinness affair

BY DAVID LASCELLES IN LONDON

MR Christopher Reeves, the chief executive of Morgan Grenfell, and Mr Graham Walsh, the head of the merchant bank's corporate finance department, resigned yesterday as the Guinness affair claimed its two latest victims.

Morgan said in a statement that their resignation "in no way indicate any personal involvement" in the misconduct that has been alleged about Guinness' share dealings. But the two men accepted that their management responsibility for Morgan's actions during Guinness' bid for Distillers last year meant they had to go.

Sir Peter Carey, the former senior civil servant who was yesterday appointed chairman of a temporary executive committee to run Morgan, said their resignations had been accepted with "great regret." But he added "They have done the honourable thing." Neither of them was available for comment last night.

The departure of the two top men answerable for the conduct of Morgan's takeover business came as a result of strong pressure from the Bank of England which was alarmed about the increasingly damaging tide of rumour and speculation surrounding Morgan. Mr Robin Leigh-Pemberton, the Governor, and Mr George Blunden, his deputy, along with other senior Bank officials, were all involved in meetings over the last two days with directors and shareholders of Morgan.

Morgan had hoped that last week's announcement of a top level internal inquiry would quieten persistent questioning about the extent to which it might have been involved in misconduct in the Guinness share-buying affair. But on Monday it was clear that even if Morgan's executives had not approved or known of any illicit actions, they bore managerial responsibility for them.

Mr Roger Seelig, one of the corporate finance directors, has already resigned because of what Morgan has described as "breaches of established procedures and policies" in the handling of Guinness' bid.

Guinness has admitted that its former management entered into agreements totalling £200m to buy or help others buy its own shares, in possible breach of the Companies Act. The purchases were designed to boost Guinness' share price and enhance the value of its bid.

The new executive board appointed to run Morgan consists of Sir John Sparrow, the head of investment management, Mr Blaise Hardman (securities), Mr Charles Rawlinson (banking) and Mr Christopher Whittington (international).

Sir Peter Carey, who is 63 and an executive director of Morgan, said his immediate task would be to allocate key responsibilities within the bank, including the appointment of a successor to Mr Walsh, and contact the group's clients and shareholders. Morgan will also carry on the review of its management and structure launched last week under its chairman Lord Catto.

Sir Peter claimed that Morgan, despite the blows it has suffered, "is basically in extremely good order. Were I not confident in Morgan's abilities, I would not have taken on this responsibility," he said.

Yesterday's resignations bring to six the number of people who have been forced out by the Guinness affair.

Background, Page 8; Lex, Page 18

# $ rallies as hopes grow of German rates cut

BY DAVID MARSH IN BONN AND HAIG SIMONIAN IN FRANKFURT

THE DOLLAR rallied against the D-Mark yesterday as speculation increased that the West German Bundesbank could cut its discount rate tomorrow to ward off capital inflows and stimulate the economy.

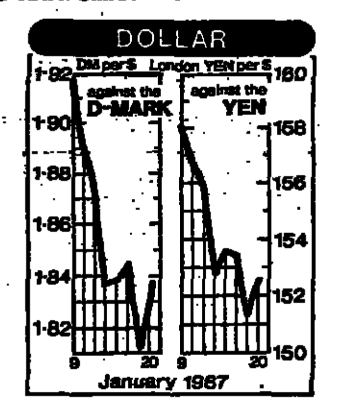
The dollar was also buoyed by the news of a meeting today in Washington between Mr James Baker, the US Treasury Secretary, and Mr Kiichi Miyazawa, the Japanese Finance Minister, to discuss stabilising the dollar-yen rate.

However, the dollar's rebound was blunted by scepticism about whether the US and Japan can come to any mutually satisfactory arrangements on their currencies, given the persistent US trade deficit.

In Frankfurt the US currency rose as high as DM 1.8440 after opening at DM 1.8250, before slipping back at the close to DM 1.8390. This was more than 3.5 pfennigs up from lows of DM 1.8025 on Monday.

In London, the dollar closed yesterday at DM 1.8380 against Monday's closing DM 1.8120 and at Y152.60 after Y151.30 in sometimes hectic trading. Sterling recovered some ground against continental European currencies but lost as much against the dollar so that its

DOLLAR




trade-weighted index ended unchanged at 69.0.

Foreign exchange dealers said they expected the market to trade in a relatively narrow range until tomorrow, which is regarded as a key day for the market.

The Bundesbank's council is meeting in the presence of Mr Gerhard Stoltenberg, West Germany's Finance Minister, fourth-quarter US gross national product figures are due and there should be some indication of how the US/Japan talks have been going.

The growing belief that the Bundesbank could take interest rate action at tomorrow's regular fortnightly meeting of its policy making council was fuelled by Mr Martin Bangemann, the West German Economics Minister.

He said in a newspaper interview that the D-Mark's recent appreciation had increased the scope for an interest rate cut, which would be beneficial for the domestic economy.

He added that such a move would help placate other countries by demonstrating that the Bundesbank was making efforts to keep the economy moving and would also ease pressure on the dollar.

The Bundesbank, which traditionally stays out of the West German political arena, has been hesitant about making credit policy changes in advance of Sunday's general election.

However, the likelihood of an interest rate cut has increased in the past few days. Mr Gerhard Stoltenberg, the Finance Minister who will be attending the Bundesbank's meeting, has also spoken in recent days this week of possible room for German interest rate cut, although he is publicly refusing to acknow-

**Continued on Page 18**

Money markets, Page 31

# Bond buys Packer TV network

BY CHRIS SHERWELL IN SYDNEY

MR ALAN BOND, the Perth-based entrepreneur, is to buy Mr Kerry Packer's Australian broadcasting empire in an agreed deal worth A$1.1bn ($719m).

At the centre of the unexpected purchase are two large television stations in Sydney and Melbourne. Combined with his existing interests, they will give Mr Bond the first nationwide commercial TV network in Australia.

He will also take over domestic radio and film production operations from Mr Packer's Consolidated Press Holdings, as well as its 27.3 per cent holding in TV-am, the British breakfast channel in which he is the largest shareholder.

In Australia, the move precipitates a further shake-up in the media sector, as significant as Mr Rupert Murdoch's current takeover of the Herald and Weekly Times (HWT), the Melbourne publishing group where he yesterday moved to formal majority control.

Both deals follow changes in media ownership rules announced by Australia's Labor Party Government last November. A key feature of those changes, which have yet to be legislated, was the abolition of the two-station ceiling on television ownership by any one operator.

The changes have already led to a reassessment of the value of Australian media assets, and this process will be enhanced by yesterday's transaction, which left local market analysts stunned.

Ironically Mr Bond, who is perhaps most widely known for wresting the America's Cup yachting trophy from the US, sealed his deal with Mr Packer on the day his Australia IV boat was eliminated from this year's tournament.

His purchase also breaks a historic link. The Sydney television station was Australia's first, and was started by Mr Packer's father, Sir Frank Packer. Together, Channel Nine in Sydney and Channel Nine in Melbourne are now widely regarded as the most successful of Australia's many television outlets.

In the late 1970s they became key components of Mr Packer's two-year battle with the cricket establishment through his televised World Series of professional matches.

Along with Mr Bond's present media interests – television stations in Perth and Brisbane and numerous radio stations – the newly acquired television and radio outlets will be contained in a new company called Bond Media, which will be listed on the Australian Stock Exchange.

Half the new company's shares will be held by Bond Corporation,

**Continued on Page 18**

Maxwell's Kenya deal, Page 9

# Budget row leads to collapse of Irish coalition

By Hugh Carnegy in Dublin

IRELAND's four-year old coalition Government collapsed yesterday after Labour ministers refused to support budget proposals from their Fine Gael colleagues. A general election will be held on February 17.

Dr Garret FitzGerald, the Prime Minister, later published the intended budget, which would have been presented to parliament next week and which now will form the basis of Fine Gael's election campaign. It contained substantial spending cuts to deal with what even Labour ministers called Ireland's critical financial position.

Mr Dick Spring, the Labour leader and deputy Prime Minister, and the three other Labour ministers resigned because they refused to support heavy cuts in the social welfare and health services.

The decisions taken today are not just, he said. "They fail to spread the burden of our financial problems across those sectors of the community most able to bear them."

Dr FitzGerald said he would ask President Patrick Hillery to dissolve parliament today. The election comes 10 months before the official end of the coalition's term of office but is no surprise because the Government has been in a minority for some time. Differences between Labour and Fine Gael on the budget have been apparent for several months.

The budget proposed by Mr John Bruton, the Finance Minister, yesterday aimed to reduce the current budget deficit to I£1.2bn ($1.76bn) this year or 7.4 per cent of gross national product. From I£1.3bn (8.5 per cent of GNP) in 1986.

Likewise, the public sector borrowing requirement was to be reduced to I£2.3bn (13.6 per cent of GNP) from I£2.5bn (15.2 per cent of GNP).

Mr Bruton said the intention was to "roll back" public expenditure to reduce the crippling burden of debt. Ireland's dept totals I£24bn, and servicing the debt consumes a quarter of annual spending. "This country owes too much money. The level of national debt is pushing up interest rates and destroying jobs. The burden of debt is choking off prospects of future growth," he said.

The proposed budget included cuts of more than I£200m in unemployment benefit paid to the country's 250,000 jobless, who make up 19.3 per cent of the workforce. New charges for hospital outpatients were also proposed.

Mr Bruton said there was no room for cuts in the country's high tax rates.

The fatal flaw, Page 18

# Software link planned for US, Europe

BY ALAN CANE IN LONDON

COMPUTER manufacturers from Europe and the US will today take a major step to promote competition and sweep away much of the frustration surrounding software for the fastest growing area of the computer marketplace – high-powered microcomputers and minicomputers.

The manufacturers include IBM, AT&T, Digital Equipment and Hewlett Packard of the US, ICL of the UK, Bull of France, Olivetti of Italy, Philips of the Netherlands and Nixdorf and Siemens of West Germany.

They will pledge their support at a meeting in Washington for a standard version of a particular kind of computer program which will make it easier to run software written for one manufacturer's computer on a computer from another manufacturer.

The new standard, called Posix (Portable Operating System for Computer Environments), was developed by the US Institute for Electrical and Electronic Engineers.

The lack of such a standard has been a major cause of contention and irritation among customers for medium range computer systems. It makes it either difficult or expensive for computer users to use computer equipment from a variety of manufacturers. Software writers, furthermore, can find their products limited to one manufacturer's machines.

Attempts to build a software standard around a computer control program called Unix, developed by AT&T, have been held up by a mixture of inertia and a reluctance on the part of computer manufacturers to lose their ability to "lock in" their customers with proprietary software.

The new willingness to unite behind the Posix development has been forced by customers who are demanding an end to being locked-in and a fear that IBM might impose its own standard by virtue of its marketing muscle.

In addition to the manufacturers listed, some 45 other companies have signed statements endorsing or offering qualified support for Posix. Technically, it is an interface standard; manufacturers writing this kind of software will have to ensure their software behaves like Posix.

Its adoption will mean a better deal for computer users and a guarantee for software writers that their programs will run on any manufacturer's computer.

# IBM net profits fall 27% to $4.8bn

BY ANATOLE KALETSKY IN NEW YORK

IBM, the world's largest computer company and the biggest single vendor of capital equipment in the US and many other industrialised countries, yesterday reported a dramatic decline in earnings and noted that it saw no signs of an immediate improvement in its own sales performance or in the prospects for the worldwide computer market.

IBM's results showed a 26.9 per cent decline in net profits to $4.79bn in 1986 as a whole and a much more precipitous 48 per cent drop in the fourth quarter, when its profits were $1.39bn. The company's total revenues also slipped badly, showing an annual increase of only 2.4 per cent to $51.25bn, the weakest performance in the company's recent history.

In the fourth quarter, IBM's total revenues actually fell in relation to the same period a year earlier, confirming that business conditions continued to deteriorate throughout last year. IBM's troubles have become increasingly apparent since the record surge in US computer investment during the 1983-84 economic boom suddenly began to fade away in 1985.

But despite the poor results already announced in previous quarters and numerous gloomy statements from the company, yesterday's results were worse than generally expected. Mr John Akers, IBM's chairman, attributed the problems to sluggish capital spending in the US, a slowdown in growth in other countries and "unsatisfactory demand for parts of IBM's product line."

He added that there were no definitive signs of an improvement in worldwide business conditions but that cost-cutting programmes and new products announced last year had improved IBM's "ability to capi-

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CONTENTS

# EEC free food may help to move mountains

BY TIM DICKSON IN BRUSSELS

THE decision by EEC farm ministers to give free food to victims of the freezing weather is a shrewd political move which will no doubt be well received throughout the Community. After all, the contrast between towering butter and beef mountains and the undernourished both within Europe and in the world beyond is an embarrassment which makes even hardened Brussels administrators wriggle with discomfort.

Perhaps one of the most intriguing questions — and one starting to be asked yesterday — is whether the new scheme could form the basis of a more substantial, longer term programme for disposing of the vast agricultural surpluses which give the CAP a bad name.

Previous attempts to unload EEC food direct to consumers at subsidised prices have proved administratively difficult and economically inefficient but there will be many closely monitoring the outcome of the new iniative and hoping to build on its results.

Officials at the European Commission yesterday stressed that the scheme was primarily a "one off" response to the present emergency and would run only until the end of March.

A wide range of commodities is involved—butter, beef, sugar, bread, wheat, olive oil, milk products such as yoghurt and cheese, and fish—with the EEC also agreing to pay the costs of packaging and transporting the food to the recipient organisations.

The target of the programme will be established charities throughout the EEC, with the Red Cross and Eurocaritas playing a key co-ordinating role, though the Commission said yesterday that other organisations were welcome to get in touch. The logistics, however, would be carried out at national level by the various "intervention" agencies and the cost absorbed wholly by the agricultural section of the Community's budget.

Farm ministers throughout Monday's meeting stressed their agreement with the measure "in principle" but Mr Michael Jopling, the British minister, and Mr Ignaz Kiechle, his West German counterpart, both voiced concern about the budgetary consequences. The Commission, which has set no limits on any of the products, is unable to estimate the cost but has promised to consult member states at their regular meetings in Brussels if it looks like exceeding Ecu 50m (£37m).

Many questions thus have to be answered about the immediate financial impact as well as the practicalities of moving the food from Community stores to the recipients (the Commission insists that speed of action is more important at this stage than attention to every detail). Longer term, the issue raised is whether the scheme represents a viable way of disposing of the surpluses.

The conventional, some say conservative, criticism is that free or subsidised food handouts simply displace purchases that would have been made anyway, thereby diverting the "displaced" output back into the EEC's intervention stores.

The difference this time, according to some, is that the food mountains (1.3m tonnes of butter and more than 600,000 tonnes of beef, for example) are bigger than ever, that traditional export markets are increasingly difficult to find, and that charitable organisations represent a hitherto untested outlet.

"If half the recipients of subsidised food would not have bought it anyway from traditional sources, a scheme like this could prove cost effective," one Commission official suggested yesterday. "The trouble is that if the figure is less than one third it can be very expensive."

# Plumb elected to head European Parliament

BY QUENTIN PEEL

SIR HENRY PLUMB, former farmers' leader and head of the British Conservative group in the European Parliament, last night squeaked home by just five votes to become the first British president of the Assembly.

He held off the strong challenge of Spanish Socialist Enrique Baron, and rallied the forces of the centre-right, to win the job of leading the directly-elected MEPs for the next two and a half years — but only thanks to the abstentions of 16 members who refused to back either candidate.

The vote was in the balance up to the vry end, with three polls to decide the outcome, and a considrabl floating vote determind to show its disapproval of a British candidacy in a passionately European institution.

Sir Henry, the epitome of a bluff gnetlman farmer from the English shires, immediately promised to devote himself to the institution and its caus: "I was born an Englishman," he said. "I shal die a European— an English European."

He is MEP for the Cotswolds and farms at Coalshill, Warwickshire. He takes the place of Mr Pierre Pflimlin, the urbane former Mayor of Strasbourg who was rumoured to the last to be ready to serve another term as a compromise candidate, in spite of frequent denials.

Sir Henry had clashed on several occasions with Mrs Margaret Thatcher, the British Prime Minister, over European issues such as bringing sterling into the European Monetary System—and even in the battle for a British budget rebate.

He was none the less tarred somewhat with the Thatcher brush in the election campaign, suffering defections by the 42-strong Liberal group and southerners from the Christian Democrats, before he nally rallied the right to gain his slender majority. Mrs Thatcher had an angry encounter with the Assembly in December, when she was accused of failing to provide leadership to the Community—and countered by charging the Parliament with irrelevance.

Sir Henry has been chairman of the Conservative-dominated European Democratic Group since 1982, before which he was chairman of its agriculture committee. He was president of the National Farmers' Union for nine years until shortly before he was elected to the Parliament in 1979, and from 1975 to 1977 he was president of the European Farmers' Union Organisation COPA.

**MR JOHN TAYLOR, Ulster Unionist MEP, has quit the British Conservative-led European Democratic Group, and joined the extreme right-wing group of the European right,** writes Quentin Peel. **His defection follows Tory fury last month after he demonstrated in the Parliament against the Anglo-Irish Agreement, during the speech by Mrs Margaret Thatcher.**

# MEPs proffer olive branch on 1987 budget

BY QUENTIN PEEL

THE European Parliament's budget committee has held out a tentative olive branch to member states in a bid to agree a legal budget and end the present emergency financing.

The MEPs threw their weight behind a Commission compromise—in spite of the fact that it was rejected last week by half the EEC budget ministers, because it still exceeded self-imposed spending limits. They also hinted that they might be prepared to accept a Belgian plan, which would respect the spending limits both on current payments and future commitments —but only thanks to the use of some "creative accountancy."

The Commission plan would have created "negative reserves" for both current payments and future commitments — amounting to a promise to find spending cuts in the course of the year. That would keep the budget within the Council of Ministers' self-imposed 8.1 per cent maximum rate of growth for current payments, but have exceeded the rate by Ecu 62m —less than 0.2 per cent of the Ecu 36.25bn (£26.8bn) budget— for longer term commitments.

Britain, France, West Germany, Denmark and Belgium opposed that solution because of the Ecu 62m excess.

The Belgian compromise would have added the Ecu 62m to the negative reserve on commitments, thereby respecting the maximum rate—a solution opposed by the southern states of Italy, Spain, Greece and Portugal in defence of the Parliament's determination to increase the growth rate.

The budget committee, however, is only propsing to go as far as the Commission plan—but suggesting that it could be "the basis for a resolution of the 1987 budget."

# Unskilled add to Moscow's problems

By Patrick Cockburn in Moscow

THE STANDARD of living of people in Moscow is now below that of other Soviet cities because the Soviet capital has met its need for manual labour by importing 700,000 workers from the poorer parts of the country in the past 15 years.

Each year approximately 70,000 workers take up jobs in the capital which no Muscovite would look at, in return for a residence permit, according to the trade union daily Trud. Most are youths from the villages prepared to live in dormitories and do low-paid unskilled jobs.

The result is that Moscow, which has a population of 8.7m, has seen all its services under strain. Today, the average Muscovite's standard of living—including housing, health care, schools and shops —is lower than many other large towns in the country, Trud says.

Since the end of 1985, there has been growing criticism of the administration of the capital.

To meet the complaints of Muscovites born there that the city is being swamped by new arrivals, Mr Boris Yeltsin, Communist Party chief for the city, said that from the start of 1987, the only new residence permits would be a limited number for workers extending the Metro underground railway.

This has not in fact happened, because plant managers told the city's executive committee that without the right to import labour, they would not be able to meet their plan targets.

Trud suggests it would be better to move some of the labour - intensive industry — Moscow is the Soviet Union's largest industrial centre— such as textile factories out of the capital.

The attraction of the limited residence permit to the workers — known as "limitchicks"—is that after three years in a menial job, they can get a full residence permit.

"Limitchicks are also convenient for the negligent economic planner," writes Trud. "Why should he bother about liquidating heavy and dangerous technology or worry about improving the living and working conditions of workers if it is easy to get people from out of town to fill up unpopular jobs?"

● Mr Hisham Nazer, Saudi Oil Minister, yesterday held talks about prospects for the world oil market with Mr Boris Aristov, Soviet Foreign Trade Minister, the Soviet news agency Tass said. Mr Nazer is looking for Soviet support to maintain the new Opec price for oil.

# UK coal 'most efficient'

By Charles Leadbeater, Labour Staff

THE BRITISH coal industry is the most efficient in Europe, according to unpublished EEC figures, Britain's National Union of Mineworkers said yesterday.

The figures show that UK direct subsidies to current production in 1986 were £1.40 per tonne, £21.65 per tonne in West Germany, £24.43 per tonne in France, and £30.97 per tonne in Belgium.

The figures were compiled from reports sent by producers in individual countries to the European Parliament's Energy, Resources, and Technology Committee. The committee asked producers to estimate their output levels and financial subsidies from central or local government.

However, the total subsidy in the UK increased dramtically last year, as a result of the renegotiation of contracts following the oil price fall. The total subsidy in the UK was £152m compared with £50m in 1985. Over the same period the subsidy in West Germany rose by more than £500m to £1.851bn; in Belgium it increased from £149m to £195m. Only in France has the subsidy fallen, from £371.6m to £346m.

While the UK industry had the lowest total subsidy it had the highest output at 108m tonnes. This compares with 85.5m in West Germany, 14m in France, and 6.3m in Belgium.

The direct subsidies to production cover payments to attract skilled workers, to cover stockpiling, aid to encourage businesses to convert from other fuels to coal, and losses.

The overall subsidies covering redundancy payments, inducements for early retirement, and social aid are much larger.

# Swedish police free Palme murder suspects

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDISH POLICE hunting the murderer of Mr Olof Palme, the former Swedish Prime Minister, suffered a serious setback yesterday following a dramatic series of dawn raids in which around 20 suspects were taken into custody for interrogation.

Three of those held for questioning were suspected of involvement in the assassination of Mr Palme who was shot at close range on a city street in Stockholm at the end of last February.

The raids and mass interrogation were the most dramatic moves made by Stockholm police in the 11-month murder hunt. But by late yesterday it was clear that the dawn action had failed to produce new evidence in the murder hunt, and Mr Claes Zeime, the chief public prosecutor in Stockholm, said the three suspected of complicity in the murder would be released.

His announcement is a serious blow to the prestige of Mr Hans Holmer, the Stockholm Police Commissioner, who has personally led the murder hunt and has resolutely held to his "main line of inquiry" that has sought to link the murder to the Kurdish terrorist group, PKK, an underground Marxist-Leninist group

As recently as last month Mr Holmer said in a television interview that he was "95 per cent certain" that the police investigation was on the right track, but his confidence has never been shared by the public prosecutor's office.

Mr Holmer has hitherto had the contonued support of the Swedish Government, which has tried to iron out the differences between the police leadership and the public prosecutors. But there has been growing pressure for a reorganisation of the murder hunt including calls from the national Director of Public Prosecutions and the Chancellor of Justice for the replacement of the Mr Holmer as leader of the investigation.

Mr Zeime said yesterday that despite the dramatic series of raids an darrests yesterday no progress had been in the hunt for Mr Palme's assassin.

Of the 20 suspects interrogated yesterday 12 were Kurds, said Mr Holmer. Several of them were associated with the PKK, which was declared a terrorist organisation by the Swedish Government in 1984.

Nine PKK members were sentenced to be deported from Sweden, but fears that they could have faced the death penalty if they were deported to Turkey led to them being allowed in Sweden but with seriously restricted freedom of movement.

In 1984 and 1985 two defectors from the PKK were murdered by sympathisers of the group in Uppsala and Stockholm.

Mr Holmer said yesterday that there were believed to be connections between those suspected of assassinating Mr Palme and those suspected of involvement in the 1985 murder in Stockholm of one of the Kurdish defectors.

# Million Spanish pupils stay away from classes

BY DAVID WHITE IN MADRID

SOME 1m Spanish high school and technical college pupils were reckoned to have stayed away from classes yesterday as two recently-formed student unions stepped up their campaign against Government policies on university entrance and fees.

The left-wing Union of Students, which led mass protests in December in the wake of the French student movement, launched a four-day strike due to culminate in demonstrations in main towns across Spain on Friday.

However, many pupils have already been boycotting classes over the past week in response to local campaigns organised by a rival student body.

The Union of Students is seeking backing for the movement from university students, teachers and workers. The main Communist and Socialist trade unions have expressed support, although the latter has clashed with student demands by proposing to do away with second-chance examinations held in September.

The Government has stood firm against demands for dropping selection procedures for university, but has promised to press ahead with its spending effort in education and to provide free places for students from very low-income families.

The protests coincided with an escalating conflict in the western region of Extremadura, where roads were cut off by demonstrators protesting against a reduction in the scope of state benefits for unemployed farm labourers.



**Peter Bruce** on the stump with a member of Kohl's loyal opposition

# Outsider seeks to set CDU right

PEOPLE SOMETIMES say, half joking, that if Jurgen Todenhoefer were not so good looking he would probably have got a lot further in West German politics. He does have a bigger problem though—in a country whose polilics are dominated by the centre, Mr Todenhoefer (45) is an outsider, a man of the right.

Right now he is campaigning in the freezing cold in Tubingen, just south of Stuttgart, as if his life depended on it. Chief spokesman on disarmament for Chancellor Helmut Kohl's Christian Democratic Union (CDU) party, he says he will win easily. "I always do, but I am doing this for Helmut Kohl," he says, handing out cups of hot *gluehwein* to passing constituents.

The declaration of loyalty is revealing, because for most of his time in office Mr Kohl has had to deal with a growing revolt among the CDU right. Their protests, that the CDU coalition with the liberal Free Democrats (FDP) has for the past four years skewered important aspects of foreign and domestic policy, reached fever pitch a few months ago when rumours emerged of an attempt to form a new party.

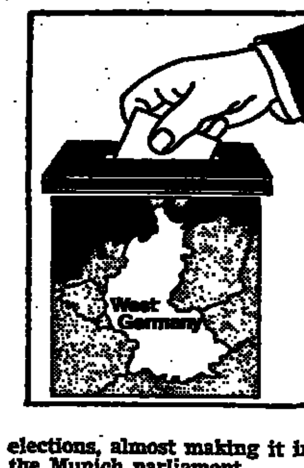
They boil at the sight of Mr Hans Dietrich Genscher, FDP Foreign Minister, "soft peddling" with Moscow and Warsaw when, in their view, he should be condemning their human rights abuses as loudly as he does South Africa's. They worry that too much is being conceded on the status of West Germany's post-war borders and they blame the FDP for the Government's failure to pass laws banning the wearing of masks by (often violent) demonstrators.

They say the FDP has made it impossible to tighten abortion laws, and their fury at FDP opposition to Bonn signing a Star Wars research pact with Washington almost led to open revolt in the CDU in late 1985.

A relatively small group, perhaps 21 MPs, including the leaders of various groups exiled from East Germany and parts of modern Poland after the war, the CDU right became known then as the Stahlhelmen (the steel helmets, after a militaristic First World War veterans group). "We have had to make all the concessions since coming to power," complains Mr Todenhoefer, a former judge.

Their blunt warning to Mr Kohl, supported by the strident conservatism of the CDU's Bavarian sister party, the CSU, and its cantankerous leader, Mr Franz Josef Strauss, remains that the CDU has drifted dangerously to the left and that many traditional voters feel themselves driven to conservative alternatives.

Extreme right-wing parties are, in fact, showing renewed signs of life in West Germany, though they remain for the most part very small. But, last October, one of them, the Republicans, took 3 per cent of the vote in the Bavarian state




elections, almost making it into the Munich parliament.

That really frightened the established right and Mr Strauss now makes a habit of warning audiences that "there should be no party permitted to the right" of the CDU/CSU. Mr Kohl, judging by the sharp tone of his campaign, evidently agrees that a problem exists. For the moment, he and his right wing are pulling together.

Mr Todenhoefer, who decribes Mr Kohl as a "liberal," believes though that the new, "conservative" Chancellor will last just as long as the campaign. "I am grateful that he has begun to cover the conservative position," he says, but he worries that the party will slip back into bed with the FDP after Sunday's poll.

It then stands a great chance, in his view, of continuing to shed voters to the far right in state elections in the Rhineland Palatinate, Schleswig Holstein, Bremen and Hessen this year and in Baden-Wurttemberg in 1988.

It seems more likely, though, that having turned attention upon themselves in fairly spectacular fashion in this election, the CDU right will prove much harder to ignore during the next Government. And Mr Kohl will calculate that if allowing his conservatives their head now proves to have stopped right-wing party support from flaking at the edges, then they can be used again.

What the Chancellor and people like Mr Todenhoefer and his equally conservative party colleague, Mr Alfred Dregger, the CDU parliamentary leader, are most anxious to avoid, however, is the increasingly vivid impression that a fundamental shift to the right is taking place in West German politics.

"That is simply not true," insists Mr Todenhoefer, who describes himself as "a convinced democrat, a modern conservative." A West Germany governed only by the CDU and CSU would not, he is sure, be very different from what it is now. Anyway, he argues, the CDU right is so small that even though it attracts some 20 per cent of the total CDU vote, "if you ask anyone who represents them in the CDU they would be hard put to name names."

# Kidnap pressure on Bonn grows

BY DAVID MARSH IN BONN

PRESSURE intensified yesterday on the Bonn Government over the kidnapping at the weekend of a West German chemical industry executive in Beirut.

The kidappers of Mr Rudolf Cordes, the representative in the Lebanon of the Hoechst chemicals group, appear to be holding him to force the release of an alleged Lebanese terrorist arrested at Frankfurt Airport last week.

The Bonn Government, which has been trying to dampen speculation over the affair ahead of the general election on Sunday, admitted for the first time yesterday that a connection did exist between the seizure of Mr Cordes and last week's arrest of Mr Ali Hamadeh.

This indicated that the kidnappers had made a definite bid to bargain the release of the two men, political observers said.

The Government is now confronted for the first time with the dilemma already faced by France, the US and Britain over the kidnapping of Westerners in Beirut.

Mr Hamadeh is wanted by the US for questioning in connection with alleged involvement in the hijacking in June 1985 of an American Trans-World Airways aircraft in which a US soldier was killed.

Mr Hans-Dietrich Genscher, West German Foreign Minister, was said by officials yesterday to be in contact with the Syrian and Iranian governments to try to keep abreast of the affair.

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# Setback in E German trade with West

By Leslie Colitt in Berlin

EAST GERMANY last year suffered a sharp reduction in its hard currency trade surplus with the West, largely as a result of low prices for exports of crude oil and oil products.

The Central Statistical Office in East Berlin said the surplus was 1.5bn Valuta Marks (DM 1.1bn)—the Valuta Mark is used to calculate the value of foreign trade. This compared with a surplus of 4.2bn Valuta Marks (DM 3.1bn) in 1985.

There was a deficit in trade with developing countries and West Germany, but a surplus with other OECD countries, according to specialists at the German Institute of Economic Research (DIW) in West Berlin. They predicted that East Germany would be in deficit with its OECD partners this year, however.

Along with other East European countries, East Germany re-exports considerable quantities of Soviet crude oil as well as refined oil products to the West to make up for a lack of competitive manufactured goods; lower prices for imported Soviet crude this year will bring some relief.

But the price of oil in the West will be a determining factor along with the low dollar in the East German hard currency trade balance.

The East German news agency reported yesterday that output of brown coal, which fuels 80 per cent of East German power stations, was returning to normal after dropping sharply during laset week's extreme cold.

Mr Erich Honecker, the East German leader, said his country would continue to enjoy "dynamic growth and increased prosperity" in coming years. Speaking at a reception with diplomats last Friday he said East Germany was a "calculable partner" which was ready to co-operate with all countries.

The head of the Permanent Mission in East Berlin, Mr Hans-Otto Braeutigam said after talking with Mr Honecker that both sides agreed they wanted "good progress" in improving their relations this year. He detected no sign that Mr Honecker was irritated by controversial remarks about East Germany made during the West German election campaign.

Chancelor Helmut Kohl recently referred in a speach to "concentration camps" in East Germany which was sharply criticised in the media of both East and West Germany.

**John Wyles in Rome on the hard choices facing the Government**

# Italian ruling on referendum concentrates minds

NINE MONTHS ON and 1,200 miles to the south west of the world's worst nuclear disaster, Italian politics is again shuddering under the impact of the "Chernobyl factor." Of all the potential traps waiting to ensnare Italy's steadily declining Government, the nuclear issue has long seemed the most threatening. On Friday the constitutional court pushed it directly in the path of Prime Minister Bettino Craxi and his ministers.

By declaring consitutionally admissible three referenda touching the conduct of Italy's nuclear energy policy and another two on law reform, the court faced the Government with some very uncomfortable options. Weakened by internal mistrust and uncertainty about the future, the five-party coalition has yet to prove itself capable of decision rather than a drift towards early elections.

However, there is only one thing which makes an Italian politician more nervous than a referendum and that is a general election. With malicious insight, the authors of the 1947 constitution decreed that, once cleared by the constitutional court, a referendum could be sidestepped in only two ways, and one of them is a general election which would delay the vote for at least a year.

The other is for parliament to pass legislation which, in the opinion of the court, satisfies the intention of the sponsors of the referendum. This is almost as painful as a referendum, and certainly much more difficult to organise, given the weakness of party disciplines over the parliamentary assault course. It also means that mobilising 500,000 signatures on a referendum proposal could be sufficient to determine the will of parliament.

Now that the court has pronounced, Italy must be called to vote not before April 15 and not later than June 15. This means that if the government opts for a pre-emptive legislative strike, it must do so at a galloping pace. Alternatively, it can let the nation vote on the referenda, or it can take the third option and go to early general elections this year rather than when the legislative term expires in 1988.

Generally, Italian politicians who do not belong to the radical party or to an environmental group regard referenda as generally undesirable unless they are on vital issues, such as divorce, which have proved beyond the reach of a coalition agreement. Referenda tend to be politically debilitating and they do not wipe a slate clean, as a general election does.

A referendum result usually reveals whether a party has won or lost, personal reputations can be severely bruised and the task of holding together or reassembling a government becomes even more difficult.

Mr Ciriaco De Mita, the Christian Democrat leader, for example, does not want his efforts of the last four years to rebuild and re-establish Italy's largest party tested in the tepid fire of a referendum. After all, the party's decline can be traced partly through its disastrous, and avoidable, espousal of the losing anti-divorce cause in the 1974 referendum and of the similarly fated anti-abortion crusade in 1981.

There is a school of thought, reflected in leading articles in both La Stampa and Corriere Della Sera newspapers, which holds that the referenda in question are not important enough to justify a knock-down inter-party battle.

Italian referenda can only make law in the negative sense of abrogating or amending existing legislation. Thus, the effect of the two legal reform questions would, on the one hand, broaden the citizen's entitlement to compensation for judicial error or incompetence and on the other tighten up the procedures for trying the President of the Republic and members of the Government for alleged wrongdoing while in office.

Mr Bettino Craxi

The Government has displayed some initiative on this front and recently adopted a package of measures which, if endorsed by the parliament, should render the referendum void. But because constitutional changes are at stake, a minimum of 3-4 months is needed without allowing for any of the usual procedural may hem in the parliament.

The nuclear issue is much more difficult to resolve because, sensing that it could genuinely swing votes, the parties are striking conflicting postures. Until now, the Socialists have lined up with the radicals and some sections of the Communist party in favour of phasing out the country's modest nuclear energy programme. The Christian Democrats, the Republicans and the Liberals would complete the three stations under construction and then "pause".

Without a broadly-based agreement on the future of the country's nuclear energy programme, it would be a hard struggle for the parties to settle on pre-emptive legislation. Curiously, the referenda themselves would not settle basic principles.

One question would deny the Government the power to decide on the location of a nuclear power station if a local authority refused to do so, another would remove the financial incentives the Government could offer to induce a local authority to accede, and the third would prevent Italian participation in the French fast breeder reactor project.

Those wishing to avoid both the nuclear referendum and early elections – and they certainly include the Christian Democrats and the small lay parties – are hoping for a late flowering of political will.

This would first of all prompt the coalition parties to pledge to sustain until 1988 the Christian Democrat–led Government which is due to be formed when Mr Craxi steps down in April. Thus fortified, the parties would then agree a nuclear policy in the light of the recommendations produced by next month's National Energy Conference. Finally, they would then sweep legislation through the parliament which would render the referenda unnecessary.

None of this is impossible, but it would require Mr Craxi to lead his party into a nuclear compromise and some accommodation with the opposition communists so as to avoid parliamentary delays. As so often, Mr Craxi is in a position to propose and dispose and Italy must wait until he makes up his mind which elections he wants and when.

# France records surplus in trade

By George Graham in Paris

FRANCE recorded a surplus on external trade last year for the first time since 1978.

The French Finance Ministry announced yesterday a foreign trade surplus of FFr 4.4bn ($726m) in gross terms in December, or FFr 3.7bn after seasonal adjustments. This left a small surplus of FFr 484m for 1986.

The external trade balance has gradually been reduced over the past five years, dropping from 2.6 per cent of gross domestic product in 1982 to 0.5 per cent in 1985, but the deficit still totalled FFr 24bn.

The dramatic fall in oil prices over the past year has greatly improved the look of the French external balance, saving around FFr 80bn on imports but the surplus in industrial goods has deteriorated after rising from FFr 33bn in 1980 to FFr 89bn in 1985.

The industrial surplus in December was FFr 3bn, compared with FFr 1.1bn in November, while the surplus on trade in agricultural products reached FFr 1.7bn. The energy deficit in December was FFr 4.6bn.

# Kreisky exposes split in Austria's Socialists

BY PATRICK BLUM IN VIENNA

A POLITICAL row has broken out within the Austrian Socialist Party following sharply critical remarks by Dr Bruno Kreisky, a former Chancellor and party leader, about the party's present leadership and Dr Franz Vranitzky, the Socialist Chancellor.

Dr Kreisky, who still wields considerable influence on the Austrian political scene, has accused the present party leader of betrying him and attacked Dr Vranitzky for caring more about the rate of the dollar than Socialist policies. "The Socialist party is not just made up of bank managers," he said.

With the ink barely dry on the agreement between the Socialists and the Conservative People's Party on forming a "grand coalition" government between them, Dr Kreisky's outburst has embarrassed the Socialist party establishment by drawing attention to internal divisions and to disquiet among some sections of the party about its present direction.

The former Chancellor, who objected especially to the People's Party during the coalition negotiations, has resigned from his position as honorary president in protest. He has also warned that he will not allow himself to be gagged now or in the future.

His protest has met with almost unanimous condemnation by the party establishment in Vienna and in the provinces but with support from the Young Socialists who are opposed to the "grand coalition" and from some individual party members who fear that a further drift to the right by their party will make it indistinguishable from the People's Party.

# Athens bows to trade union pressure on incomes policy

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S Socialist Government yesterday announced an amendment to the country's system of scaled wage indexation, thus boosting earnings for the lower paid, despite repeated assertions that it would not give in to union pressure to relax the austerity incomes policy. It is trying to reduce inflation and domestic and external deficits under a two-year stabilisation programme introduced at the end of 1985.

Trade unions on the left and right staged a one-day nationwide strike in support of higher pay which disrupted the main cities last Thursday. A government spokesman stated at the time that there would be no change in the incomes policy set for 1987, a statement which he repeated at the beginning of this week.

Yesterday's announcement followed widespread reports of pressure on the economy Ministry both from within the cabinet and from the Socialist Party for pay increases to those at the bottom of the salary scale.

The decision raises the monthly pay ceiling for full compensation for domestic inflation in the private and public sector from Drs 50,000 to Drs 60,000. According to the Economy Minister, Mr Costas Simitis, the amendment, which "exhausts the margins available to the Government" for satisfying union demands, will carry an overall cost of Drs 8bn (£37m), of which Drs 3bn will appear on the 1987 budget wages and pensions bills. The changes will add 0.15 per cent to the price index this year.

The Government's inflation target for this year has been set at 10 per cent, compared to 16.9 per cent in 1986. A tight incomes policy was supposed to be the linch pin of the stabilisation programme, under which the Socialists drastically watered down the wage indexation system they had introduced on coming to power in 1981.

Until the introduction of the stabilisation measures workers were compensated for full inflation, whereas under the present regime imported inflation is deducted before pay increases.

# French Government picks two junior ministers in reshuffle

BY PAUL BETTS IN PARIS

THE FRENCH Government announced a minor cabinet reshuffle last night with the appointment of a new research and higher education minister and a new junior minister for consumption and competition.

The reshuffle had been expected for some time and follows the resignation last month of Mr Alain Devaquet, the research and higher education minister, during the French university student crisis.

Mr Jacques Valade, a neo-Gaullist RPR senator and university professor from Bordeaux, has been appointed research and higher education minister. He had been the principal candidate tipped for the job.

The appointment of a junior minister for consumption and competition reflects the government's concern to maintain a close watch over inflation this year. Although consumer prices rose by only 2.1 per cent (2.2 per cent last year), the government is worried about the risk of renewed inflationary pressures following the lifting of price controls in France. The consumption minister is Mr Jean Arthuis, who has until now been a junior minister in the employment and social security ministry.

The minor reshuffle was announced yesterday after Mr Jacques Chirac, the conservative prime minister, held a special meeting with all his ministers for the fourth time since he took office in March. Mr Chirac, who is currently striving to regain the political initiative after the recent string of setbacks including the student protests, the railway strike and the currency crisis, also said he would hold another full day meeting with all his ministers and a press conference next week.

Mr Chirac will outline at the press conference on January 29 the main policies and targets of his Government this year. Mr Chirac's efforts to regain the political momentum come at a time when the latest opinion polls show that his popular standing has declined during the last few weeks because of labour unrest in France. One opinion poll published last night showed that 84 per cent of those polled felt that Mr Chirac had last ground during the last few weeks, while 48 per cent felt President François Mitterrand had been gaining.

# Ministers study drug curb plans

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

MINISTERS from 16 European countries began a two-day meeting in London yesterday to study joint measures to curb drug trafficking and drug abuse and to pledge their support for Latin American countries in their fight against drug production.

Among the main measures which have been proposed are the adoption of legal powers to seize drug traffickers, assets and to search ships suspected of transporting drugs on the high seas.

Britain has taken the lead in the first of these fields by introducing new legislation allowing the courts to order the confiscation of convicted drug traffickers' money held in banks.

The ministers, meeting as the so-called Pompidou Group of the Council of Europe, heard an appeal from Mr Marcelino Oreja, the Secretary-General of the Council, for the general mobilisation of parliaments, police, customs and health and social services in the fight against drugs.

Drug abuse was continuing to rise at an alarming rate and there were now at least 48m addicts worldwide according to the World Health Organisation, Mr Oreja said. The emergence of "crack," a cheap and highly addictive drug derived from the coca plant, and "designer drugs," chemical substances with a similar structure to controlled drugs, but which fall outside the control of existing legislation, were of particular concern.

The rapid spread of Aids among intravenous addicts – some 12 per cent of all Aids cases in Europe in September 1986 compared with 6 per cent a year earlier – presented a bleak outlook.

"We cannot lose sight of the fact that there are countries outside Europe, particularly in Latin America, whose democratic regimes are threatened by the actions of those who control drug trafficking and drug production," Mr Oreja said. "Those countries deserve our support both in political terms and in terms of combatting international crime."

Mr Douglas Hurd, the British Home Secretary, said money was the mainspring of drug trafficking

# Trade ships 'open to attack' in Gulf

BY OUR ATHENS CORRESPONDENT

COMMERCIALLY developed defence systems such as chaff dispensers (products designed to reduce radar echo) are of little practical value in protecting merchant ships under air attack in the Gulf, according to speakers at a conference on safety and security at sea which began yesterday in Athens.

"Chaff and similar passive systems demand costly sophisticated radars to give adequate warning of impending attack. The fact is merchant ships and salvage tugs in the Gulf are defenceless against modern guided weapons," said Mr Klaas Reinigert, managing director of Smit Tak International Ocean Towage and Salvage.

According to a paper by Captain John Moore, editor of Jane's Fighting Ships, diversionary routing and the use of night passages with layups during daylight in areas where the ship is screened from radar detection are the most effective ways of countering attack by air launched missiles.

Mr Dimitris Paizis, marine and operations manager of the Eletson Corporation, said shipowners can identify areas where there is a high risk of attack by plotting exactly where previous raids took place.

Figures released at the conference showed that over 260 vessels trading in the Gulf have been attacked or damaged since air attacks against merchant ships began

# Ciba-Geigy in Peking joint venture

By John Wicks in Zurich

CIBA-Geigy, the Swiss chemical concern, has entered into a joint-venture agreement with Beijing General Pharmaceutical Corporation (BGPC) to set up a pharmaceuticals plant near Peking.

Initial investment in the project, to be operated under the name of Zhong Rui Beijing Ciba-Geigy Pharmaceutical Company, will be of Sfr 18m (£7.8m). Production is intended to start in 1989 and serve both the Chinese and export markets.

Ciba-Geigy says the venture will strengthen its presence in China.

## French-Yugoslav $3bn accord

A Yugoslav consortium has concluded a $3bn (£2.1bn) deal with a French group under which Yugoslav companies will import raw materials and pay for them by refining and exporting them, Reuter reports from Belgrade.

Copechim Trading of France will supply crude oil, additives, spare parts and other production materials to 14 Yugoslav companies within Ina-Commerce Consortium, to be manufactured into petrochemical, chemical and other finished products, the official Tanjug news agency says.

# Ericsson-Siemens mobile phone deal

BY SARA WEBB IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics group, and Siemens, the West German electrical engineering group, are planning to co-operate in the research and development of a new mobile telephone system.

The two companies have recently held talks about developing a "new generation" mobile telephone system for the Nordic countries and West Germany, which would enable users to move from country to country without having to change handsets and systems.

Ericsson and Siemens are expected to sign a contract for research co-operation on Sunday.

The companies hope to introduce the new "D-Net" system in Northern Europe by 1990-1991 and claim it could eventually pave the way for a uniform mobile telephone system throughout the whole of Europe.

Details about the research costs and financial arrangements have not been concluded yet, but it is expected that research would take place within both Ericsson and Siemens.

At the moment, subscribers in the Scandinavian countries can move around within the region without experiencing interruptions in the use of their handsets.

However, if they move to a different country, for example, West Germany, they need to change set and have one compatible with the West German system.

Siemens and Ericsson would like to see the "D-Net," eventually adopted by other European Countries which have incompatible systems.

"We will attempt to find a common solution for all the European countries" said a spokesman for the companies.

In Scandinavia, there are over 370,000 installed subscribers and the mobile telephone is regarded as the businessman's everyday tool rather than a status symbol. The West German market is not so well developed.

Siemens developed the C-Net system, which was introduced in West Germany in August 1985 and is based on Siemens' electronic switching system EWSD. The new generation molble telephone system would eventually replace the C-Net system.

With the use of mobile telephones increasing rapidly, Siemens estimates that there could be 1m subscribers in West Germany alone by the year 1990.

Ericsson's mobile telephone systems are based on its AXE switching system. The company claims to have 45 per cent of the world's mobile telephone subscribers.

# Australia seeks A$3.5bn frigate designs

BY CHRIS SHERWELL IN SYDNEY

THE AUSTRALIAN Government has invited shipbuilders and marine defence companies around the world to submit established designs for eight new light patrol frigates costing some A$3.5bn (£1.6bn).

The project is larger than the A$2.6bn order for six submarines now being contested by Swedish and West German contractors.

Both form part of a major defence procurement programme which includes jet aircraft, helicopters and other purchases but emphasises an upgrading of the navy.

The frigates will be delivered in the 1990s, and will replace five destroyer escorts. Together with three guided missile destroyers and six guided missile frigates, they will take the total fleet to 17.

All will be built in Australia, with an Australian company as prime contractor. Australian content in the work is expected to reach 60 per cent. The order will provide at least a decade's business for one or more local shipyards.

"The Navy is offering the salvation of the Australian shipbuilding industry," Mr Kim Beazley, the Defence Minister, said in Sydney yesterday. He is billing the project as the "largest naval shipbuilding programme in Australia's peacetime history."

The vessels will weigh 2,500-3,000 tonnes, have a range of 6,000 nautical miles at 18 knots, a speed of 27 knots and facilities to carry the navy's Seahawk helicopters.

The ships will also be equipped with air defence and anti-submarine systems, surveillance radar, sonar and a 76 mm gun.

They will be used primarily for patrol duties in the South Pacific region, one of the areas seen by the Government as being of immediate concern.

The Government's invitation is formally described as a "request for proposal." Responses are to be submitted before March, after which tenders should be called.

# GE licenses output of turbines for Indian navy

By David Buchan

GENERAL ELECTRIC of the US has licensed production by Hindustan Aeronautics Ltd (HAL) of GE gas turbines engines for the Indian navy, giving the US company its first entry into the Indian marine market and positioning it for further industrial turbine sales.

Under the licence agreement, the value of which was not disclosed, HAL will start by assembling kits supplied from the US of the LM2500 marine gas turbine, and progressively increase the proportion of local manufacture.

GE said India was the 17th country to choose the LM2500, which can be used in ships ranging from patrol boats to aircraft carriers, for its navy. The company has already sold India three LM2500s for power generation in the Bombay area.

Mr Ian Stopps, GE's international marine marketing manager, said GE was particularly pleased to have overcome "stiff competition" for the licensing deal from Rolls Royce of the UK, whom it also recently beat on the sale of 11 aircraft engines to India.

Taken together, the GE deals represent a significant US dent in Soviet dominance of defence equipment sales to India.

# Groups seeking share in Japan telecoms start merger talks

BY IAN RODGER IN TOKYO

INFORMAL merger negotiations have begun between the two consortia bidding for the licence to operate Japan's second international telecommunications service. This could be a blow to attempt by Cable and Wireless of the UK to break into the Japanese telecoms market.

The negotiations are at the instigation of Japan's Ministry of Posts and Telecommunications (MPT), which is eager to reduce or eliminate the role of Cable and Wireles in the new venture.

C & W is a leading partner in one of the consortia, International Digital Communications Planning Inc (IDC). The other consortium is International Telecom Japan (ITJ).

This latest development seems likely to cause some delay in the MPT's decision-making process. It was originally expected to choose between the two applicants early next month.

Mr Yusai Okuyama, director-general of the MPT's telecommunications bureau, was quoted in Japanese newspapers as saying that C & W should abandon its plan to acquire a 20 per cent stake in IDC.

MPT officials said later they had not decided yet whether to ask C & W to withdraw altogether or just to reduce its stake. They did not know whether it would be possible for them to exclude C & W.

The Japanese enabling legislation for additional international telecoms carriers allows for foreign participation up to one-third in these ventures.

However, the MPT's view, first expressed by the minister, Mr Shunjiro Karasawa, to Mr Paul Channon, UK Industry Secretary, last November, is that Japan should not be expected to allow foreign companies in its telecommunications business. No advanced country does so, Mr Karasawa said.

The MPT's initial stance was that C & W should not be allowed to have a management role in IDC, and that its equity stake should be reduced. C & W is a joint leader with C. Itoh, the Japanese trading company, in IDC. Each has 20 per cent of the equity.

An IDC official said yesterday that the consortium had not yet received any request from the MPT that C & W's role in the consortium be scaled down or eliminated. "We have not been told anything since Mr Channon was here," Mr Richard Histed, managing director, said.

C. & W., which sent a team of officials to Tokyo last week to explain the company's position to Japanese officials and the media, has denied that it would have a management role in IDC.

It seems resigned to a merger taking place, but it is resisting any significant dilution of its equity position.

It argues that it is the major conributor of telecommunications operating "know-how" to the venture, the other partners of both consortia being banks, trading houses or equipment manufacturers.

Also, the IDC proposal is based on a link-up with C. & W's. planned worldwide digital highway and, in particular, a new trans-Pacific cable to be built in association with Pacific Telesis of the US, which is also a member of the IDC consortium. Thus, it would enhance Japan's presence in international telecommunications

The competing proposal of the ITJ consortium is much more modest. It would merely rent capacity from the monopoly supplier, Kokusai Denshin Denwa (KDD).

Both the British and US Governments are watching this case closely to see if Japan will follow through on its commitments to become more open to foreign participation in its industries.

C. & W. is believed to have enlisted the support of the British Government at the highest levels.

The merger negotiations are going on while IDC is still preparing its detailed proposal for submission to the MPT. It expects to have completed it by the end of this month. ITJ completed its proposal late last year.



# Hungarians plan chain of hotels

By Leslie Colitt in Berlin

A LEADING Hungarian hotel group has unveiled plans to manage a chain of hotels along the main western access route to Hungary in order to earn hard currency from tourists travelling to and from the East European country.

HungarHotels said it will operate a seven-storey hotel with 182 rooms to be opened next May in Munich.

The Hungarian foreign trade organisation Artex, which delivered $2m (£1.4m) in furnishings, is part-owner along with Western companies, of the joint venture company which built the hotel.

A second hotel in Munich, which will cater for Hungary-bound tourists is in the planning stage.

The Hungarian hotel chain said other hotels would be located in Salzburg and Vienna along the European Highway 5 leading to Budapest.

Taverna, a small Hungarian hotel company, also plans to open a hotel in the Austrian capital. Austrians and West Germans account for the overwhelming majority of visitors to Hungary, although moer of the Austrians are day trippers.

The first hotel in the West under Hungarian management was the Hotel Hungaria which opened in 1984 in Vienna. Hungar Hotels did ont have the hard currency to build the hotel but decided to operate it under a management contract.

Tourism is one of the few thriving branches of the depressed Hungarian economy. Hard currency income from tourism rose an estimated 20 per cent to $340m last year.

# Bid to mend split over export aid

By Peter Montagnon, World Trade Editor

GOVERNMENTS of industrial countries begin two days of talks at the OECD in Paris tomorrow in the hope of resolving their long-running differences over rules providing for the use of aid to promote exports to the developing world.

Hopes that the meeting could result in agreement rose earlier this month when Japan indicated its willingness to adopt a formula put forward by Mr Axel Wallen, Swedish chairman of the OECD export credit group.

The aim is to get round differences on the way in which the value of the aid component in export finance packages should be calculated.

But, European officials said it was by no means a foregone conclusion that areement could be reached this week.

Besides the interest rate issue, the governments still have to agree on a new minimum level for the aid component. This is currently 25 per cent, but the US wants it increased to discourage the use of aid by countries seeking to boost their exports.

Under the Wallen proposal, the notional interest rate would be varied in line with the actual level of market rates in the exporting countries.

This would eliminate what some see as an unfair advantage obtained by countries with low market interest rates.

The present system involving a single unified rate of 10 per cent allows these countries to spread their aid budgets further.

# UK urged to put quota on Indian jute imports

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

BRITAIN's Department of Trade is being asked to impose a quota on imports of jute products from India. The call comes from politicians and industrialists from Dundee, Scotland, the centre of Britain's declining jute industry.

The Dundee jute industry is complaining that cheap Indian exports of woven jute are eroding one of Dundee's remaining specialty markets—the £15m-a-year market for jute scrim which is used in Britain in roofing felt. Scottish manufacturers say they cannot compete with Indian jute prices.

The industry fears that if Indian exports—which it believes are subsidised by the Indian Government — are allowed to continue, the Dundee jute industry will disappear altogether.

It fears that the next step will be an erosion by Indian manufacturers of Dundee's other remaining speciality, high-quality jute yarn, which is used for backing carpets. The yarn industry's output is worth about £20m a year.

The jute industry now directly employs only 1,200 people in Dundee and other towns in Tayside region, compared with 19,000 people in 1960 and 13,000 in 1970.

There are fears that if Indian exports continue to grow, all the remaining jobs will be lost.

Indian exports of jute products were limited by quota until 1983 when the Multi-Fibre agreement expired. Both India and Britain import jute from Bangladesh.

A delegation of industrialists and politicians earlier this week met Mr Ian Lang, the minister responsible for industry, at the Scottish Office in Edinburgh, who agreed to raise the issue with the Department of Trade as "a matter of urgency."

# Mexican university likely to be closed by student action

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S National University (Unam) is likely to be closed down by strike action next week following the collapse of negotiations between students and university authorities over academic reform.

The students are to mount a big demonstration in Mexico City today intended to draw support from other universities and trade unions, in advance of their planned shutdown of Unam on January 29.

The talks broke down at a stormy public meeting on Friday and all subsequent attempts to revive them have so far failed, with each side trying to bolster support for its position.

The cause of the dispute is a plan by the Unam rector, Mr Jorge Carpizo, to raise academic standards by sharply increased entry and examination requirements. Mr Carpizo last week dropped plans to increase what are now purely symbolic fees.

This and other more cosmetic concessions failed to mollify the students, however, who want the entire package withdrawn and the reform issue reexamined from scratch at a congress open to all sectors of the university.

Though no one seriously denies that the 350,000-students Unam urgently needs radical reforms and increased funding, the University Students Council, an *ad hoc* body thrown up by opposition to the reforms, sees the Carpizo measures as elitist and imposed.

The conflict has quickly caught national attention largely because of the tragic precedent of 1968, when a similarly vigorous student movement burst out of the Unam campus in a call for democracy in Mexico and was answered by a premeditated army massacre that left some 500 dead.

The memory of 1968 appears so far to have exercised a moderating influence on both sides and kept the Government out of the dispute. In addition, the conflict has been conducted with an openness almost foreign to Mexico, with the negotiations, for instance, held publicly, broadcast on the radio and documented in detail by the Press.

None the less, both government officials, privately, and many of the analysts who have rushed to join in this unusually public debate fear that the dispute may become a channel for wider, pent-up frustrations, in particular at four years of economic and financial crisis and the ruling Institutional Revolutionary Party's unwillingness to cede any meaningful area of power.

Observers also emphasise that the dispute has erupted in a year when President Miguel de la Madrid must choose his successor, and that the outcome could affect the chances of two hopefuls, Mr Manuel Bartlett, the Interior Minister, and Mr Miguel Gonzalez Avelar, the Education Minister.

# Land sale scandal in Quebec

By Bernard Simon in Toronto

THE SWISS weapons manufacturer Oerlikon-Buhrle has become embroiled in a Quebec land sale controversy which has seriously embarrassed Canada's ruling Progressive Conservative Party.

Oerlikon's Canadian subsidiary has demanded repayment of a third of the C$3m (£1.44m) it paid last June for a 45-hectare site in the town of St Jean-sur-Richelieu south-east of Montreal. The company's claim, made against the president of the local Conservative constituency association, follows disclosures last weekend that the value of the land trebled in three sales over a period of only six months.

The deals were concluded shortly before a consortium led by Oerlikon won a C$600m contract to supply a low-level air defence system to the Canadian armed forces. Oerlikon bought the land for a missile launcher assembly plant which it agreed to build at St Jean as part of the contract.

The circumstances surrounding the sharp rise in the site's value have already led Prime Minister Brian Mulroney to dismiss Mr Andre Bissonette, his Minister of State for Transport, who represents the St Jean constituency in parliament. The police have opened an investigation.

Several key details of the land transactions remain shrouded in mystery. Oerlikon has defended its purchase by saying that even the inflated value of the property seemed reasonable compared to land prices in Switzerland.

# Moscow set to exceed Salt-2 limit

THE Soviet Union has launched two new submarines that would exceed Salt-2 missile limits already exceeded by the US if older Soviet submarines are not taken out of service, a senior US official said on Monday night, Reuter reports from Washington.

The official, who did not want to be identified, said the US had spotted a fifth Typhoon-class Soviet submarine, one of the world's largest submarines, and a fourth Delta IV-class submarine, one of the most lethal in the Soviet fleet.

The US official said the two submarines would exceed the expired 1979 Strategic Arms Limitation Treaty (Salt-2) limits on submarine- and land-fired multiple warhead missiles if older Yankee-class submarines are not taken out of service to compensate.

The official said Moscow had exceeded those limits before but then took Yankee-class submarines out of service to keep within the Salt-2 limits.

The US exceeded the limits on November 28 last year by putting into service a 131st B-52 bomber capable of carrying cruise missiles.

## Guyana devalues

The Guyana dollar has been devalued by 56 per cent to a rate of 10 to the US dollar as part of what Mr Carl Greenidge, the Finance Minister, says is an effort to retrieve competitiveness in overseas markets, Canute James reports from Kingson.

# US considers site for nuclear waste

BY WILLIAM HALL IN NEW YORK

UNTIL RECENTLY, Hereford, a small town in the Texas Panhandle where the cattle outnumber people by 200 to one, was best known as the site of the Cowgirl Home of Fame. But if the US Department of Energy gets its way it may soon be the home of America's first permanent high-level nuclear waste dump.

Hereford is the seat of Deaf Smith County, which has been designated as the first of three possible sites for a high-level nuclear waste repository. For more than 30 years the Government has been agonising over where to dump the highly dangerous waste from the country's nuclear reactors and the by-products of nuclear weapons.

*Not surprisingly*, there has been little enthusiasm among local communities to be put on the short-list.

Because the nuclear waste is hazardous for at least 10,000 years, it must be dumped where there is no water and the geology is conducive to storing highly dangerous materials for very long periods.

Maine, New Hampshire, Virginia, North Carolina, Georgia, Wisconsin and Minnesota have all been investigated as possible sites but, whether for reasons of local geology or political expediency, they are not considered front-runners for the first dump.

Next month officials from the Department of Energy and the Battelle Memorial Institute of Columbus, Ohio, will begin work on a five-year study costing $1bn to see whether Deaf Smith County would be suitable.

At its peak, some 300 people will be employed on the project. The key attraction is Deaf Smith County's salt beds, which are regarded as particularly good candidates for nuclear waste burial because caverns excavated in them tend to seal themselves. The repository would be constructed about 2,500 ft below the surface.

Parallel studies will be conducted at Yucca mountain in Nevada, next to a nuclear test bomb site, and Hanaford, Washington, home of extensive US Government-owned nuclear facilities and a basalt geological formation.

*The nuclear waste dump*, which will be designed to take 70,000 tons of spent nuclear fuel and other radioactive waste, would take up a relatively small space. The Department of Energy will buy 60 acres of land in Deaf Smith County and obtain the subsurface rights for 9 square miles.

The US is producing between 3,000 tons and 5,000 tons of high-level radioactive waste a year. *The 12,000 tons which has* so far been produced is being stored at the 100 nuclear reactors around the country.

*However*, the Nuclear Waste Policy Act of 1982 has directed that at least one and possibly two permanent sites should be constructed, with the first operational by 1998.

**Mary Helen Spooner** reports on a new mood of confidence in the regime of General Pinochet

# Chile's summer brings economic encouragement

WITH the onset of the Southern Hemisphere summer, relative political calm has returned to Chile and the military regime of Gen Augusto Pinochet is showing signs of renewed confidence.

This has been evident both in the recent lifting of the state of seige, imposed last September when leftist guerrillas attempted to assassinate Gen Pinochet, and last week's introduction of new legislation regulating political parties.

The government has also drawn encouragement from an improved economic performance, which is expected to provide a greater margin of manoeuvre in the coming year.

The economy grew 5 per cent last year, almost double the growth of 1985, while inflation fell from 26 per cent to 17.4 per cent, according to the National Statistics Institute. The statistics also show a modest rise in domestic consumption against a continued and sharp *fall in the public sector deficit*, from 6.3 per cent to 2.2 per cent of GDP. On this basis, the Government believes unemployment should fall and the private sector will receive further encouragement to invest. The official message is "growth with austerity."

Chilean economists critical of the regime point out that this improvement falls short of repairing the economic damage incurred during the country's 1982-83 *debit* crisis and the deflationary meaures necessary to cope with accumulated problems of the uncontrolled boom fuelled by the regime's free market policies of the previous decade. Average salaries are still 15 per cent below what they were six years ago. Nevertheless, the Government's recent economic management has won some grudging respect even from its critics.

Pinochet: "on a wave"

This has stolen some of the ammunition from the opposition parties. As of last week, political parties have a new legal framework in which to operate. The new law fills a vacuum that existed ever since Gen Pinochet overthrow the government of the late President Salvador Allende in 1973.

It provides strict ground *rules for operation and excludes* all Marxist parties, thus excluding the Communist Party, the largest in Latin America and which is reckoned to account for about a quarter of any potential vote. Some opposition politicians fear the law provides more opportunities for the regime to control political activity, and in particular divide the parties.

The political parties still have not been able to agree on a common strategy in the face of General Pinochet's plan to have a junta-elected candidate stand in a one-man presidential election in 1989—the year the dictator's term in office ends.

In November, three leaders from the Christian Democrats, moderate Socialists and the right-wing National Party unveiled a more detailed version of the National Accord. The latter was a blueprint for a transition to democracy drawn up under the auspices of the Roman Catholic hierarchy in 1985 and signed by 11 political *organisations*.

The new initiative aimed to build a coalition behind a single opposition leader, who would then challenge the regime's candidate in 1989. This proposal was signed by 13 groups, but not all those who had signed the National Accord.

While the document's backers were able to meet with the commanders of the Navy and National Police to present their proposal, *disagreements* broke out among political leaders over whether the "Group of Thirteen" was an entity separate from the National Accord, whether it was premature to name a single opposition figure to lead the movement and whether the three politicians who had drawn up the new document had been fully authorised to do so by their parties.

Despite these disagreements, a recent survey of Santiago residents showed over two thirds would support both a campaign for free elections in 1989 and the designation of an opposition figure to lead the movement.

It is an open secret that three of the four members on Chile's junta oppose Gen Pinochet becoming the regime's presidential candidate in the one-man plebiscite, with the Army's representative the lone exception. Yet it is far from clear that the commanders of the Navy, Air Force and *National Police would support* an open presidential election that year.

Gen Humberto Gordon, the former chief of the country's dreaded secret police (CNI), took over the post as junta Army representative this month, replacing a loyal but less *powerful* general. Gen *Gordon is expected* to wield much more power within the junta, pushing Gen Pinochet's proposals with greater force and cunning than his predecessor.

"Pinochet feels as though he's on a wave with the economy up and the opposition paralysed," *a former regime official said.* "And he feels the assassination attempt served to diminish pressures from foreign governments, especially the *US.*" *Despite a number of well* publicised warnings last autumn over human rights abuses, the US Administration did not seek to withold approval of several key multilateral loans.

Yet the regime's image seems unlikely to improve in the near future and will come under scrutiny once again as preparations begin in earnest for the visit by the Pope in April. It was pressure from the Catholic Church that in good measure led to the lifting of the state of seige, the Vatican being reluctant to plan the Pope's visit *while it was in force*.

Gen Pinochet's own supporters are not helping his image either.

On New Year's eve, shortly before Gen Pinochet gave a televised speech announcing the lifting of the state of siege and a plan to allow most of the country's exiles to return, a group of heavily armed masked men raided the Santiago offices of the UN inter-governmental committee on migrations. Employees of the UN organisation, which has operated in Chile since 1954 and which has aided Chileans political refugees in the past, were tied up face down on the floor while the assailant demanded to know where the "money for the communists" was kept.

The assailants stole documents, a photocopy machine and an automobile belonging to one of the employees and sprayed *the office walls with slogans*. A short time later an anonymous caller attributed the attack to the "September Eleventh Movement," a group named after the date of the 1973 military coup which claimed responsibility for the murder of four leftists in the wake of the attempt on Gen Pinochet's life last September.

**A doctor and his nurse have been arrested in connection with September's attempt on the life of President Pinochet, the Chilean government said, Reuter reports from Santiago. The government information service said the pair were leftist guerrillas trained in Cuba and Nicaragua. Dr Pedro Raul Marin and Ms Olga Mariam Berghilz are accused of operating a clandestine clinic in which guerrillas wounded in the assassination attempt were treated.**

# S Korea interior minister quits over student's death

BY MAGGIE FORD IN SEOUL

THE LATENT political crisis in South Korea mounted yesterday as Mr Kim Chong Hoh, the Interior Minister, resigned after a student died in police custody after being tortured.

President Chun Doo Hwan expressed his regrets to the nation over the death. His apology came after revelations that the student, Mr Pak Chong chol, 21, died of suffocation while his head was held under water during police interrogation.

Mr Kim offered his "profound apologies" to the people for the death of Mr Pak a Seoul National University student, and pledged that the revelation of the incident by the police themselves had shown repentance and a desire to prevent any repetition. Mr Kim's replacement is expected to be announced today.

One senior police officer has been dismissed and two others charged following the incident.

Public protests at the student's death mounted yesterday as opposition politicians continued a protest sit-in at party headquarters, watched by hundreds of security police. Buddhist priests joined students at the victim's university in a mourning vigil.

Catholic leader Cardinal Kim added his voice to the disquiet during his sermon last Sunday. Opposition leader Mr Kim Young Sam was refused entry by security police to the headquarters of the Korean National Council of Churches where he planned to hold a news conference on the issue.

Opposition politicians renewed calls yesterday for the dismissal of South Korea's police chief, and for the convening of a special session of the National Assembly. They argue that only a permament standing committee of the assembly authorised to investigate any suspicious incident can root out brutality and torture within the security forces.

Leaders of the ruling Democratic Justice Party continue to try to shift the focus away from the uproar over the students' death and back to the issue of democratic reform before elections later this year.

Political observers suggested that the DJP might announce a plan later in the week to seek a majority in the National Assembly for constitutional amendments and then put them to a national referendum, ignoring opposition dissent.

Although the ruling party would have no difficulty in passing such changes given its substantial assembly majority, its credibility as a supporter of democratic reform has sustained a substantial setback following the torture incident, observers believe.

# Suicide verdict on Singapore minister

By Steven B. Butler in Singapore

A CORONER'S court in Singapore yesterday confirmed a month of politically damaging rumours with a finding that Mr Teh Cheang Wan, the last minister of national development, committed suicide on December 14 while under investigation for corrupt practices.

The incident will inevitably embarrass the Government, which has based much of its public repuation on being free of corruption.

The extent of the damage will depend partly on how successfully the Government contains rumours of even more extensive corruption which flourished during the five weeks in which the Government offered no official explanation for Mr Teh's death.

The court concluded that Mr Teh died after taking a large overdose of amytol barbiturates, a sleeping pill that is a controlled substance in Singapore. Investigators were unable to determine how he obtained the drug.

Mr Teh was accused by Mr Liao Teck Kee, a friend of 20 years, of accepting S$400,000 (£123,000) from each of two companies which Mr Teh assisted in the acquisition and development of land. Mr Evan Yeo, director of the Corrupt Practices Investigation Bureau, said that the Attorney General had been asked to lodge formal charges when Mr Teh died.

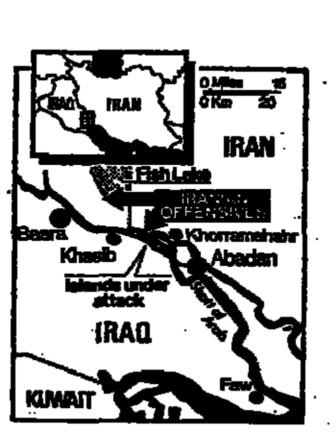
In letters to Mr Lee Kuan Yew, the Prime Minister, which were written just prior to his death, Mr Teh admitted to helping the two companies. However he explained that this came in the normal course of his work, that it was not illegal or improper, and that he accepted no money.

Some doubt was cast over this version of events, however, by Mr Yeo's testimony, in which he said that Mr Teh had offered while under interrogation to return the S$800,000 if granted immunity from prosecution. When refused, Mr Teh continued to deny the charges.

In a letter to the Prime Minister, Mr Teh said that even if found innocent, a long painful trial would be the "end" of him, and he apologised to the Prime Minister for the political damage caused to the ruling People's Action Party because of his "error" of wrongly trusting a friend.

# Iraqis withstand push on Basra

BY RICHARD JOHNS




THE OUTCOME of the battle for Basra is still uncertain after 12 days of fighting, but there is no sign of the Iraqi defenders cracking under Iranian pressure, according to informed Western military observers.

The dogged Iranian push south of Fish Lake towards Basra has so far amounted to little more than four miles, bringing the invaders to about 8 miles of the Shatt al Arab and 6 miles from the City's thinly populated suburb's on the east bank.

They still have not engaged the main fortifications, made up of earthwork's interspersed with flooded dykes to the north and east of the city.

It is believed that only a limited number of Passadran, or Revolutionary Guards have crossed the so-called "Jassim River," which is a canal linking the Shatt al Arab to man-made Fish Lake, an irrigation project extended in 1982 to help block any attack in this area.

Western analysts believe that the thrust has lost momentum but that it will be difficult for the Iraqis to dislodge the Iranians from territory occupied in weather conditions—muddy ground and low cloud—favouring their enemy until the onset of spring.

At the outset of this round of fighting the Iranians, with about 60,000 men, probably only slightly outnumbered the Iraqi Third Army Corps, defending the city with about 50,000 men. The Iranians are assumed to have suffered far higher casualties, possibly in a ratio as high as four-to-one.

In contrast to the pressure on Basra, the occupation of any of the islands further down the Shatt al Arab is likely to be no more than an irritation. Yesterday the official Islamic Revolutionary News Agency reported for the third day running that Iranian forces were about to capture four of them—Umm al Rassas, Beljanieh, and East and West Sinbad.

Iran has claimed to have captured "Bovarian Island," in effect, part of the east bank of the Shatt al Arab.

Western and Arab analysts believe one important part of Iran's strategy is to score a major propoganda coup prior to the Islamic summit conference scheduled to start on January 26 in Kuwait, only 50 miles from the fighting.

Early yesterday morning the fifth Iranian missile in 10 days struck Baghdad. An Iraqi military spokesman said that a number of civilians had been killed and houses damaged.

**Fire broke out at three Kuwaiti offshore and desert oil sites, including the emirate's main crude oil loading terminal, a top security official said yesterday, Reuter reports from Kuwait.**

**Gen Yousuf Bader al-Khorafi, Interior Ministry Under-secretary, said he did not suspect sabotage.**

**The fires erupted near the site of a string of explosions last June, blamed on sabotage, which set off a blaze that took days to put out at the main Mina al-Ahmadi refinery, some 20 miles south of the capital.**

# Australian current account deficit grows

By Chris Sherwell in Sydney

AUSTRALIA yesterday published its worst-ever half-yearly current account figures, but reported a further narrowing of the monthly deficit.

The financial markets drew some encouragement from the trend, and the Australian dollar finished the day in Sydney more than one cent firmer at 66.4 cents against the US dollar, and stronger on a trade-weighted basis as well.

The Labour Party Government said the figures showed that it was on target for the 1986-87 fiscal year ending in June. But the opposition Liberal Party and business groups warned that the overall picture remained serious

The balance of payments figures put the current account deficit for the six months to December at A$7.53bn, up from A$7.4bn in the same period last year.

Although both the merchandise trade and services deficits narrowed, the reductions were outweighed by an increase in net transfers because of higher interest payments

The figures for December showed a better-than-expected monthly current account deficit of A$648m, down on November's revised figure of A$894m.

# Deng tries to ease concern over China's direction

BY ROBERT THOMSON IN PEKING

CHINA'S paramount leader, Deng Xiaoping, yesterday attempted to ease foreign concern about the country's political and economic direction by suggesting the main problem with the "Open Door" policy is that the "door" is not open wide enough.

In contrast, the Chinese press yesterday showed the effects of a growing conservative influence. Deng said "economic mistakes" had been caused by the modernisation drive's "excessive speed" in recent years, which a few diplomats took as sign that the country could be aiming for more modest growth.

The Chinese leaders told Mr Robert Mugabe, the visiting Zimbabwean Prime Minister, that the "Open Door" policy would not hurt China's Socialist system because "our policies are correct," and explained: "The first step towards genuine independence is to get rid of poverty."

Meanwhile, Wang Meng, Culture Minister, who has been criticised by conservative officials and has maintained a low profile in recent weeks, yesterday joined the chorus attacking "bourgeois liberalism," by which the party means the erosion of Communist principles by Western liberalism.

In addressing a national conference of culture officials, Wang, who was last year proud of the licence given to artists, said culture departments at all levels must be aware of their role to "serve Socialism." "Bourgeois liberal," "reactionary," and "decadent" works must be opposed.

While Deng said the door would remain open, unusually tough criticism of present economic policy was carried in the People's Daily, which reported a meeting of the standing committee of the National People's Congress, the Chinese version of a parliament.

Delegates called for a return to a more planned economy, criticised the emphasis on satisfying demand, condemned the competition between export corporations, and said it was necessary to change completely the tendency to neglect grain production.

Diplomats saw the comments as typical of conservative officials, who have repeatedly stressed the importance of grain production and central planning.

However, such comments are reported infrequently, and diplomats warn that a spate of such articles could herald a slow-down of the economic reform programme.

# Villagers flee Mindanao fighting

BY RICHARD GOURLAY IN MANILA

THOUSANDS of frightened villagers clutching babies and meagre belongings have fled their homes around the town of Datu Piang in the last four days amid factional fighting betwen Muslims on the southern Philippines' island of Mindanao.

Christian and Muslim villagers arriving in Cotabato City said yesterday that at least 14 people died and 10,000 fled Datu Piang, 40 miles to the east of the city. Local officials estimated the number of people fleing at 3,000 to 10,000.

The Moro National Liberation Front, under Mr Nur Misuari, agreed a temporary ceasefire with President Corazon Aquino's government earlier this month.

However, rebels from a different Muslim tribe and loyal to Mr Hashim Salamat's Moro Islamic Liberation Front launched a series of attacks in Mindanao last week, killing over 40 people in protest at not being included in the talks.

**Philippine Finance Ministers start talks with the country's bilateral aid creditors in Paris today to renegotiate about $800m (£521m) of debt falling due in the next 18 months.**

**The talks with the Paris Club of creditors will be followed by meetings with bilateral creditors, including the World Bank and International Monetary Fund.**

**Manila is seeking some $7bn over the next six years from commercial banks and aid donors in order to bridge a financing gap.**

It is unclear whether the fighting between the Muslims outside Cotabato is a local dispute or a sign that the factional conflict between the two Moro groups is widening.

Mrs Aquino's top political adviser, Mr Aquilino Pimental, said the Muslim resumption of fighting could jeopardise the peace process in Mindanao.

In an interview with a Saudi newspaper in Mecca, Mr Salamat said he would only meet his rival Mr Miswari if he renounced his ceasefire agreement with the Aquino Government.

He said he would refuse to meet Mrs Aquino "even if he was asked," the paper quoted him as saying.

Meanwhile, after bomb attacks on three major bridges near the central Philippine town of Iloilo, Fidel Ramos, the Armed Forces Chief of Staff, accused the Communist New People's Army of violating a 60-day ceasefire.

"The latest atrocities committed by the Communist terrorists are just another manifestation of the insincerity of the Communist Party and the NPA in the current negotiations," Gen Ramos said, referring to peace talks aimed at ending the 18-year insurgency.

The National Democratic Front, which represents the NPA is the peace talks, denied responsibility for the attacks.

# Israel aims for reduced inflation

By Andrew Whitley in Jerusalem

ISRAEL is aiming to reduce its annual inflation rate to 12 per cent this year, from 19 per cent in 1986, following the recent tripartite agreement on the second stage of the country's economic recovery programme.

Speaking on the eve of his departure for a three-nation European tour, commencing in London today, Mr Shimon Peres, the Foreign Minister, said the agreement reached between the Government, industrialists and trade unions was "the best possible under the circumstances."

Final details remain to be hammered out between the Government and the Histadrut, the labour federation. But the deciding factors were last week's 10 per cent devaluation of the shekel and the Cabinet's agreement to cut Shekels 400m (£161m) from the 1987-88 budget.

The coalition government originally sought a more ambitious programme of tax and capital market reforms, but was forced to concede to pressure from all sides, including its own ranks.

"In the face of continued leaks from Washington, blaming Israel for the Iranian arms affair, Mr Peres argued that the entire episode had been highly exaggerated. The total value of arms shipped to Iran during 1985 did not exceed $5m-$6m.

It was unclear whether or not he was referring solely to those weapons shipped on the authority of the Israeli Government, or to all US-made weapons deliveries, whatever the source.

# Machel aircraft sabotage ruled out

BY ANTHONY ROBINSON IN JOHANNESBURG

SABOTAGE was ruled out as a possible cause of the air crash in which Mozambican President Samora Machel and 33 others died on October 19 when the official board of inquiry opened at the supreme court in Johannesburg yesterday.

Mr Cedric Puckrin, counsel for the six-man Board of International Aviation and Air Crash Experts, said in his opening synopsis: "There is no question of sabotage or explosion . . . but evidence of a clear misunderstanding between the Maputo air traffic controller and the aircraft's radio operator."

The first day was spent listening to technical evidence gleaned from de-coding the four "black box" voice recorders on board the Soviet-built TU-134 presidential jet and cockpit-to-Maputo control tower conversations. These indicated pilot error, compounded by misleading information about runway lighting from the Maputo control tower, as the main factors behind the crash.

Other evidence showed that the aircraft was well maintained and in good working order, while the five-man Soviet crew was also qualified, experienced, in good health and not under the influence of alcohol or drugs.

The last words of the pilot to his navigator, only seconds before the aircraft hit the ground only 200 metres inside South African territory and 34 km from Maputo airport, indicated that they were lost. "There's no ILS (Instrument landing system), no NDB (non-directional beacon), and nowhere to go," the pilot complained after repeatedly requesting the control tower to confirm that the runway lights were lit.

Evidence by the Maputo flight controller, who had only three months' solo experience and a poor mastery of English, showed that the runway lights were on.



# US cautious on prospects for end to Afghan conflict

THE KEY to ending the war in Afghanistan remains the withdrawal of more than 100,000 Soviet troops from the country, said Mr Michael Armacost, US Under-secretary of State, after two days of talks with Pakistani leaders, AP reports from Islamabad.

Mr Armacost was cautious about the prospects for a political solution to the seven-year conflict. "We'll have to see. That depends much upon the Soviets," he said.

Mr Anatoly Gavrilovich, Soviet First Deputy Foreign Minister, is also in Pakistan and held a second day of talks with Pakistani leaders about the war in Afghanistan without making any public comment.

Pakistan has been pressing for a complete withdrawal of Soviet troops. The next round of talks in Geneva to resolve the key issue of a timetable for Soviet withdrawal is scheduled for February 11, although there have been rumours of a postponement.

The Soviet Union has argued for a three-to-four-year withdrawal period, against Pakistan's view that three months is sufficient.

Western diplomats said yesterday that neither side was observing the ceasefire proposed by Mr Najibullah's Soviet-backed government in Arghanistan. Heavy fighting between both sides was reported from areas north of Kabul and in the east and south east of the country.

# Waite remains in Beirut after talks with kidnappers

MR TERRY WAITE, the Archbishop of Canterbury's envoy, said yesterday he had a second face-to-face meeting with the kidnappers of foreigners in Lebanon and has decided to continue his latest mission, Reuter reports from Beirut.

"Events make it worth staying on," Mr Waite told a reporter in a telephone interview from his rooms at west Beirut's seafront Riviera Hotel, where he has stayed for the past eight days.

Mr Waite said he had cancelled plans to leave Beirut after talks with the kidnappers on Tuesday night.

Asked if his latest meeting had been face-to-face, he replied: "Yes."

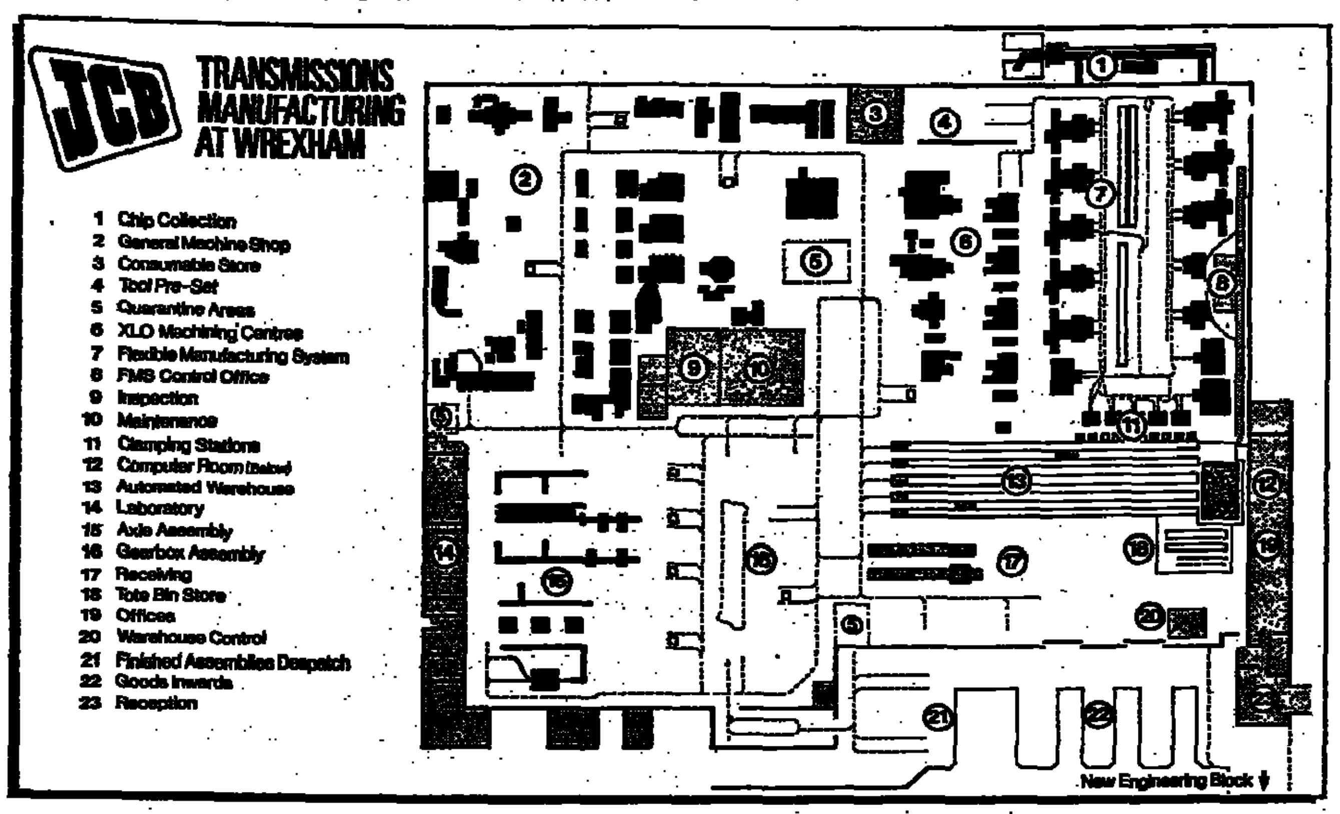
Mr Waite said on Tuesday he had met the pro-Iranian Islamic Jihad (Holy War) group. Yesterday, however, he did not reveal whether his latest contacts were with members of the same organisation.

Druze bodyguards have prevented reporters from following Mr Waite on his secret, after-dark activities.

But he has said two of Islamic Jihad's American captives—journalist Mr Terry Anderson and university dean Mr Thomas Sutherland—were well looked after.

In Bonn, meanwhile, the Government, said it had information linking the kidnapping of a West German businessman in Beirut last Saturday with the arrest of a Lebanese suspected of hijacking a TWA airliner in 1985.

Mr Rudolf Cordes, 53, manager of the Hoechst chemical company in Lebanon, was reportedly seized by gunmen on the highway linking Beirut with the airport further south.




# Single-minded factory management

**Nick Garnett looks at JCB's use of computer integrated manufacturing**

ONE OF the phrases that the *exponents of modern production* methods used to love tossing out casually in conversations back in the late 1970s was computer integrated manufacturing.

Representing the ultimate in linking all essential elements of engineering manufacture by a network of computers which, under one plant roof would control the movement of parts and their manufacture. CIM as it was known was meant to be the key *to a prosperous future* for those companies that grasped the nettle.

It did not quite work out that way. The spread of CIM among even those metal shaping companies big and complex enough to benefit from it has travelled at a snail's pace.

In Europe in particular there are few examples of companies which use machining centres with automatic tool changing, linked to automatic storage and retrieval of components and raw materials and a virtually fully automated transportation system for moving work around the factory.

JCB Transmissions at its plant at Wrexham, north Wales is now operating successfully what it claims to be the largest CIM system of its type in Europe and certainly one of the few computer integrated manufacturing factories in the UK.

The system, which cost £3.5m to instal, has allowed JCB to increase output by the equivalent of 50 per cent and significantly reduce manufacturing costs, though the company declines to say by how much.

JCB Transmissions is owned by Mr Anthony Bamford as a separate company from J.C. Bamford (Excavators), the earth moving equipment producer of which he is chairman.

It operates rather like a subcontractor to J. C. Bamford, producing axles for all types of JCB backhoe loaders, wheeled loaders and crawler excavators, *together with gearboxes for* some backhoes and telescopic handlers.

The company has to compete with other suppliers to JCB on cost and quality, and sells 10 per cent of its output to other equipment makers like Thwaites, the dump truck maker and Kalmar *Climax*, the lift truck producer. The plant is medium sized, employing 190 and produced 20,000 finished components last year for a turnover of £22m and a 28 per cent return on capital. The target for 1987 is 30,000 items and sales close to £30m.

Neil Bedford, Transmission's general manager was adamant from the start that the CIM would use the smallest possible *number of equipment suppliers.* Scharmann of West Germany supplied 10 machining centres, each with an automatic 80-tool magazine, Sweden's BT Rolatruc provided 12 automatic guided vehicles (AGVs), and the mainframe and lesser computers on the system came *from Digital Equipment* Corporation of the US.

Castings for gearboxes, axle-arms, driveheads and other pieces of equipment that require machining are delivered to the factory by truck and after inspection and weighing are transferred by AGV to the three-aisle stores area.

The sides of two of the aisles are loaded with finished components, like bearings and gears, but the castings still to be machined are placed along the sides of the other aisle.

This aisle is worked by a fast moving crane with on-board computer. The equipment, which can collect data while on the move, is linked to a warehouse control computer. In turn, *this machine is linked* to the computer that supervises the flexible manufacturing system (FMS) which is run on a week-to-week program fed in by the factory's materials manager.

The FMS computer informs the *stores* central computer what is required day by day and that computer then governs the actions of the crane, telling it what to collect and when.

The crane will then, for example, pull together a pallet of axle arms and bring it to an appropriate outlet point.

The pallet is unloaded manually, the men attaching the arms to a fixture ready for machining. They then simply press the "go" button.

An AGV is then automatically despatched to collect the fixture and transport it in a pallet, either to one of the Scharmanns for machining or to a central buffer store.

Each Scharmann has a station at which an AGV can deposit a pallet with a fixture ready *for* action when the piece the Scharmann is already working on is finished. The fixtures are loaded automatically by a shuttle mechanism.

After machining, an AGV takes the finished part to programmable washing equipment which washes and dries the part ready for collection by another AGV which then trundles off to a station close to the store.

The pallet is then unloaded manually and the finished component placed in another pallet. This is then picked up by another programmable crane and taken for storage in the aisles for finished components.

The assembly of gearboxes and axles is performed at Wrexham in ways similar to those practised by many manufacturers, though JCB is using *computers in a number of ways.*

For example, assembly line storekeepers for each of the two operations, and who work to a *daily building programme* provided by the materials manager, call up on a computer the components they require. These are then located by the finished items crane, and an AGV carries out the transporting to an unloading station adjacent to the assembly line.

Bedford is very pleased with the results so far at Wrexham but it is a mark of how the *philosophy* of manufacturing can change quickly that he is planning to introduce another major evolutionary step over the next two years.

Another eight Scharmanns will be positioned facing the existing machines to create what Bedford calls a flexible transfer line. *This will allow* two machines to work on a single part at the same time providing the opportunity of doing all one type of operation on a component, such as milling, before moving on to do all the drilling and tapping and boring work.

## WORTH WATCHING

Edited by Geoffrey Charlish

### US forms bond with Dutch nylon

DUTCH STATE MINES, the big chemical company *owned* by the Netherlands Government, is to co-operate with US company Allied Signal Corporation to develop and market DSM's Stanyl, a polyamide-46 nylon, in North America.

The product will probably be made in the US in due course. It is a useful heat-resistant nylon that has applications in the electronics, automotive and machine manufacturing industries. Initially, DSM will deliver material to Allied Signal, which will develop specific applications in co-operation with end users. DSM claims it is alone in being at an advanced development stage with polyamide-46.

### British radio changes its tune

THE FIRST report of the new Radiocommunications (previously Radio Regulatory) Division of the Department of Trade and Industry in the UK gives a good outline of Government intentions for *the use of the radio spectrum* in Britain.

The name change is meant to get away from the idea of restriction in the use of radio and as Mr Geoffrey Pattie, Minister of State for Industry and Information Technology puts it, *"provide a service for* responsible users."

A number of opportunities for manufacturers are opening. The old monochrome TV frequencies in Bands 1 and 2 (around 45MHz and 180MHz respectively) will provide new mobile/paging radio services this year. In addition, frequencies in these bands are being considered for new ideas like long-range radio alarms and low-power devices which allow communication within very small areas (industrial device control for example).

Licences are now being issued for "special event radio" in which low-power broadcasting replaces public address at events where PA systems are not satisfactory (many kinds of open-air meetings).

Trials of radio-phoning from airliners is under active consideration on a European basis and a number of changes and opportunities in broadcasting are outlined.

The report predicts that by the year 2000 there will be 10 times as many wide-area paging units and about nine times as many cordless telephones in use as there will be cellular phones. The report is available from the Radiocommunications Division, free of charge.

### Mortgages put in spin by Olivetti

OLIVETTI HAS sold its first optical disc storage system in the UK, to Britannia Building Society.

Made by FileNet in Costa Mesa, California (which is 11.5 per cent owned by the Olivetti group), the system *will give rapid*, on-screen access to mortgage correspondence. When complete in two years' time, the £1.5m system will have 90 access workstations and will use one or more 64-disc systems, each able to store 3.3m A4 pages of information.

Documents will initially be indexed and put on to the discs using four entry stations, each of which will *scan up to 3,500 sheets a day* and is equipped with screen and keyboard.

Magnetic discs will temporarily hold the documents before they are optically stored, and will act as an "active" memory area for documents in use by the staff.

The FileNet system will be installed at the Leek, Staffordshire, office of Britannia and will come into use in the second quarater of 1987.

### Strong silent type from Epson

JAPANESE COMPANY Epson has a new desk-top ink-jet printer with the highest speed offered by the company to date: draft quality at 540 characters per *second (cps) or of quality* suitable for typing letters at 180 cps.

Known as the SQ-2000 the unit costs £1,345 in the UK. It operates almost silently because the technology used involves directing tiny drops of ink by electrostatic forces on to precise positions on the paper, forming characters.

### Personal control of machine tools

A SMALL Milton Keynes, UK, company called Sam Computer Systems has developed a means of programming many types of machine tool from an *Olivetti* M19 personal computer.

The hardware/software package costs under £3,000 and needs no programming skills or computer experience. Conventional machinist's terminology is used on the screen, with "help" *routines* and *interactive* graphics. The dimensions of a part to be manufactured are simply entered from the drawings and the computer constructs the shape of the component on the 12 inch screen, calculating all the intersection points.

It then produces a CNC (computer numerically controlled) program for the *machine tool in* use. For other tools, a simple question and answer session on screen will modify the post-processing software to suit. The computer can be linked direct to the machine or via a paper tape punch for tape-driven machine tools.

### Circuit designers on upward curve

A REPORT from the international market research group Frost and Sullivan indicates that the computer-aided electronic engineering (CAEE) market is set to grow from $670m in 1986 to $953m *in 1990*, an average *annual* increase of 9.2 per cent.

Modern CAEE embraces the whole design cycle for *integrated circuits or printed* circuit boards, from modelling the logic to creating the specification of a working, proven design.

F&S predicts that the number of CAEE workstations will grow at 29 per cent a year, the higher rate signifying falling prices. Shared systems on larger computers will become more important, despite strong current sales of personal computer-based systems. Current market leader in CAEE is Mentor Systems, followed by Daisy Systems and Calma.

CONTACTS: Radiocommunications Division, DTI: London, 275 3000. British Olivetti: London, 785 6666. Sam Computer Systems: Milton Keynes, UK, 0908 617173. Epson: UK office, London, 902 8892. DSM: The Netherlands, 45 782422. Frost and Sullivan: New York, US: (212) 233 1080. London: 730 3438.

David Lascelles follows the City of London's most damaging scandal in modern times

# Guinness claims two more victims at Morgan Grenfell

THE RESIGNATION yesterday of Mr Christopher Reeves, Morgan Grenfell's chief executive, and Mr Graham Walsh, the head of its corporate finance department, is another devastating though not entirely unexpected development in the Guinness scandal, which must now rank as the most damaging to have hit the City of London in modern times.

Morgan was emphasising last night that the departure of these two key men was an admission of responsibility rather than culpability in the affair.

But, at the very least, the news puts Morgan under grilling pressure to clear its name, which has been battered by a succession of scandals since November. At the worst, it could be a blow to Morgan's independence.

The announcement came barely 48 hours after Lord Catto, Morgan's chairman, had sent a reassuring letter to the merchant bank's shareholders.

Although he was careful not to dismiss the possibility of more resignations, he conveyed the strong impression that Morgan had got to grips with its problems.

He ended by stating his confidence that Morgan "will continue to prosper as one of London's leading merchant banking groups."

Only a few days earlier, in another confidence-building move, Morgan has also established a top level inquiry into its management structure. That was done at the prodding of the Bank of England which was anxious about damaging rumours surrounding the bank.

But according to those close to the events of the last two days, neither of these steps was sufficient to halt the mounting tide of speculation about Morgan. In particular, persistent questions were being asked about the extent of knowledge and responsibility within Morgan for the illegal share dealings alleged in the Guinness bid for Distillers, where Morgan was acting as Guinness' adviser.

If there had been misconduct, was it really confined to Mr Roger Seelig, the corporate finance director, who had already been forced to resign three weeks ago? The City found it hard to believe that Mr Seelig could have committed the sums he is alleged to have done without the knowledge, and, therefore, the approval of his superiors. He set up indemnity agreements totalling nearly £50m to buy Guinness shares.

Morgan has always rejected suggestions that others were implicated, claiming that Mr Seelig enjoyed a wide measure of freedom and seldom consulted his colleagues. But if his seniors did not know what he was up to, why not?

That was the question Morgan could not answer, and it was also the reason why speculation about further resignations did not die, and why the Guinness affair therefore claimed its two latest victims.

Mr Reeves and Mr Walsh could hardly be more different from Mr Seelig with his brash, aggressive manner. Both are reserved, well-organised types with classic City credentials.

Mr Reeves, who celebrated his 51st birthday last week, had a spell in the Rifle Brigade and the Bank of England before entering merchant banking in 1963

He joined Morgan in 1968, and rose to become chief executive in 1985.

His period in the top job may well, in retrospect, mark Morgan's zenith. Under him, the bank achieved spectacular success as the City's top takeover tactitian, and Mr Reeves took advantage of Morgan's soaring reputation to take it public last summer.

But since then, the combination of the Collier insider trading scandal and Guinness has put Morgan into a decline for which Mr Reeves' ambitious but relaxed management style is certain to receive some of the blame.

Above all, he believed that a merchant bank had to be creative to succeed, and you did not achieve that by pinning it down with controls.

Mr Walsh, who is 47 and trained as an accountant, gave his highly successful corporate finance team a long rein. Quiet, dapper, he was the very antithesis of Morgan's public image as the city's tiger.

His own position in the takeover business was enchanced by a two-year spell as director general of the Takeover Panel, and two years ago he was appointed chairman of the Issuing Houses Association, the underwriters' trade group.

Morgan now faces a highly uncertain future. Much will depend on what the official inquiry into the Guinness affair unearths. The interim management under Sir Peter Carey, the former senior civil servant, consists of highly experienced merchant bankers

But does Morgan have the strength to recover from the blows? Will its shareholders stay loyal? Will it be able to retain its customers? Few people are rushing to give positive answers to any of these questions.

Deutsche Bank, a large Morgan shareholder with 1.9 per cent, reaffirmed its loyalty to Morgan last night. A spokesman in Frankfurt said the bank deeply regretted the resignations but intended to stand by its shareholding "and continue our friendly co-operation with Morgan Grenfell."

Deutsche Bank said it is unable to increase its shareholding because of regulatory obstacles connected with its banking activities in the US.

BARELY 48 HOURS ago, Mr David Palmer, chairman of Willis Faber, Morgan Grenfell's biggest shareholder, was confident that Mr Christopher Reeves would emerge unscathed from the Guinness affair.

"If he was negligent about things that did not come to his personal attention, then I am negligent every day of the week," Mr Palmer said on Monday morning.

He was speaking in the city headquarters of Willis, one of London's foremost insurance brokers.

At that point, Mr Palmer – a tall, strongly-built man of 60 with a vigourous turn of phrase – was unaware of just how far matters had gone at Morgan Grenfell.

He had missed the first meeting of the committee of directors charged with an internal investigation of the merchant bank's management controls. He was intently awaiting its second meeting, still due to be held this afternoon.

By Monday lunchtime, however, events were moving fast.

At about 9.30 am yesterday – after attending Monday afternoon's two Morgan Grenfell board meetings – Mr Palmer learned by telephone that Mr Reeves and Mr Walsh were going.

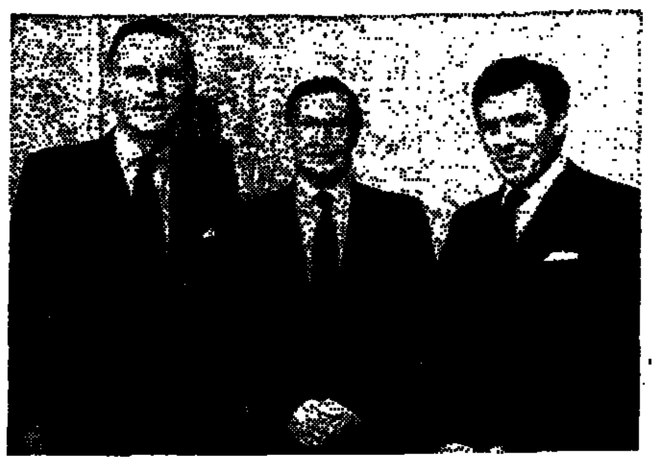
It was inevitable that Mr Palmer would be one of the first to hear the news. Willis – the fourth biggest of the "broker barons" which dominate insurance broking at Lloyd's of London – first took a stake in Morgan in the mid-1960s. It has always held – and still holds – the key to Morgan Grenfell's future.

Last summer, it spent £29m to establish that stake at 21 per cent when the bank was floated on the Stock Exchange. The connection had proved lucrative for Willis Faber – of its £48m pre-tax profits in the first half of last year, £11m came from Morgan Grenfell.

Yesterday's news has not changed Mr Palmer's high opinion of Mr Reeves, or of Morgan Grenfell, which he described yesterday as "a very fine company aand a great national asset."

Nor has he changed his fundamental view about the causes of Morgan's problems. He believes it came about largely because Morgan's management controls failed to keep pace with its transformation from a small, free-wheeling, private partnership into a stock-market quoted financial conglomerate.

But Mr Reeves' resignation has left its mark. Mr Palmer was personally saddened yesterday. He said: "It is a shattering tragedy for a very fine and very able man. His decision to resign was an honourable one."



Mr Christopher Reeves (left), Mr Graham Walsh and Mr Roger Seelig



# Money supply totals offer few pointers

BY JANET BUSH

DECEMBER money supply figures released yesterday had a neutral effect on UK financial markets and offered no further clear pointers to British interest rate policy.

The large £1.22bn net repayment in the Public Sector Borrowing Requirement last month left growth in the broad money aggregate, sterling M3, well below market forecasts at flat to ¼ per cent, according to provisional, seasonally adjusted figures released yesterday.

Bank lending in calendar December was estimated at a seasonally adjusted £2.6bn, below the monthly average in the last six months of £2.9bn but still very buoyant. Officials at the Bank of England said it was difficult to tell whether December's bank lending figure was still being distorted by the sale of British Gas shares.

At the same time, growth in Mo narrow money, leapt by between 1¼ per cent and 1½ per cent in calendar December. A surge in the narrow money aggregate, consisting mostly of notes and coins in circulation, is usual in the run-up to Christmas.

The unadjusted rise in Mo was 7½ per cent to 7¾ per cent.

The UK Government bond market initially reacted very favourably to the money supply figures because of the smaller than expected rise in sterling M3. Prices soon fell back, however, on further analysis of the development of Mo.

Mr John Shepperd, chief gilts economist at Warburg Securities, said it was the first time he had known the gilt-edged market react more to Mo than Sterling M3.

The narrow money aggregate has always been scorned as an indicator of future inflation by City of London commentators despite the Chancellor of the Exchequer's allegiance to the measure. However, Mo has taken on some importance since it was cited as one of the reasons behind the one percentage point increase in base lending rates last October to 11 per cent.

At the time, Mo was growing just above the midpoint of the Government's 2 per cent to 6 per cent target range. December's estimated rise in the measure gives an annual growth rate of between 5 per cent and 5¾ per cent, well into the top half of the range, suggesting that the Government's action in raising interest rates has not arrested growth in the aggregate.

It seems possible, given relatively modest growth in Mo at the beginning of last year, that the measure could soon exceed its target range.

But it seems highly unlikely that this alone would provoke a rise in British interest rates.

# NNC awarded £11m Italian nuclear contract

BY DAVID FISHLOCK, SCIENCE EDITOR

AN £11M European nuclear contract for Italy has been won by the National Nuclear Corporation (NNC) in competition with French, German and Italian organisations.

The European Community's Joint Research Centre at Ispra has awarded NNC a turnkey contract to build what it believes will be the world's most advanced laboratory to handle tritium.

Tritium is a radioactive form of the gas hydrogen, and although not very radioactive it is troublesome because of its mobility in living materials and processes, and the ease with which it can leak.

The 14.8m ECU (£10.8m) laboratory, known as the European tritium handling experimental facility (Ethel), is a support project for Euratom plans for a large new experiment in controlled thermonuclear fusion, called Net (the next European torus). This is the project European fusion physicists hope will succeed the Jet (joint European torus) project at Culham, Oxfordshire, in the 1990s.

Mr Bob Prescott, in charge of the Ethel project, said a dominant feature of its design was the low rate of leakage of tritium from the laboratory. The specification called for a leakage no higher than 50 curies a year, from a tritium inventory of 1m curies.

# STC in Japanese tie-up

BY DAVID THOMAS

STC, the UK electronics group, is to enter the fast-growing cellular telephone market.

STC is to market a cellular radio telephone in conjunction with Europa Telecommunications, a company based in Richmond, Surrey, which specialises in cellular telephone management services.

The two are to offer a cellular phone made in Japan, with STC taking responsibility for product support, maintenance and design enhancements, and Europa handling distribution.

STC's telecommunications business makes telephone sets and radiopagers,

## UK NEWS

# Lawson, Bank overseeing Morgan Grenfell changes

BY PETER RIDDELL, POLITICAL EDITOR

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday made clear in the House of Commons, that he and the Governor of the Bank of England were taking direct responsibility for yesterday's changes at Morgan Grenfell and for any future action.

His comments came during the economic debate when he outlined a tough policy for regulating City of London markets, including making insider dealing an arrestable offence and warning that, if necessary, prosecutions will be initiated in the Guinness affair before the inspectors have reported.

He also strongly defended the Government's current competition policy in the light of BTR's decision yesterday to drop its bid for Pilkington.

Mr Lawson clearly indicated that the Government and, more specifically, the Bank of England, as the supervisory authority under the terms of the 1979 Banking Act, was directing what was happening at Morgan Grenfell. He said the Bank "was closely involved in setting up and determining the terms of reference of the high-level internal inquiry" into the management of Morgan Grenfell.

He stressed that the Governor of the Bank, Mr Robin Leigh-Pemberton, "has asked for an interim report by the end of this month, in the light of which the Bank will decide whether further action is required."

Moreover, he said that, "any information suggesting criminal activity will, of course, be passed promptly to the appropriate authorities. In particular, the Bank of England is keeping me and the Department of Trade and Industry fully informed."

Similarly, in relation to Guinness, Mr Lawson assured MPs that should the DTI inspectors "at any time uncover any evidence that would warrant a criminal prosecution, then that evidence will be passed on to the appropriate authorities, irrespective of whether the inspectors have completed their own inquiries."

This is intended to meet concern that action might be delayed until after the inspectors' report, which will be quite some time.

While defending the City's reputation as "a priceless national asset", Mr Lawson stressed the toughness of its proposed regulatory system, in a distinct change in the tone of language used by ministers.

He said that while built on the traditional pattern of self-regulation, "it is a fully statutory system and one which incidentally gives inspectors appointed by the DTI far more power than is possessed by the Securities and Exchange Commission in America."

In particular, he said that ministers were now giving urgent consideration to making insider trading an arrestable offence. At present those prosecuted are summonsed, which gives them greater freedom before a case comes to court.

During the debate Mr Lawson had painted an optimistic view of the economy although he was cautious about saying whether there would be any tax reductions in the budget on March 17.

# Birmingham bombing case sent to appeal

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR DOUGLAS HURD, the Home Secretary, has decided to refer the cases of six men, jailed for life in 1975 for the Birmingham pub bombings, to the Court of Appeal.

Mr Hurd told the House Commons that he had taken his decision on the grounds of scientific evidence given at the trial and arising from recent allegations by a former policemen that some of the men jailed had been intimidated while in police custody.

The bombing of two public houses in Birmingham in November 1974 left 21 people dead and another 162 injured. The prosecution case rested principally on admissions made by the six men, together with scientific evidence which indicated that two of the men had handled nitroglycerine.

But Mr Hurd also told MPs that, following a detailed review, he had decided not to refer to the Court of Appeal convictions against seven people convicted in March 1976 of unlawfully handling explosives and against four others convicted of murder in pub bombings at Guildford and Woolwich, near London, in which five people were killed.

The Home Secretary emphasised that his decision did not imply he was expressing any view on the cases. He could not say how long the Court of Appeal process would take.

The court has several options before it, including the ordering of a retrial, the quashing of the convitions or an upholding of the original trial verdicts. If any sentences are quashed, substantial claims for compensation could be made.

Mr Gerald Kaufman, Labour's home affairs spokesman, said he welcomed the decision on the Birmingham bombings but expressed disappointment at Mr Hurd's refusal to refer the other cases to the Court of Appeal. He suggested that, after the appeal, an inquiry should be set up under a senior judge to consider the question of confession evidence.

# Maxwell expands his publishing interests with African venture

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers (MGN) is planning to expand his printing and publishing interests in Africa after the announcement of his first major investment in the continent.

MGN has agreed to invest £30m in a joint publishing venture with the Kenya African National Union (Kanu), Kenya's only political party.

MGN will hold 40 per cent of the new venture to be called Kenya Media and Text-Book Company. The Mirror Group will manage the Kenyan Times, the leading Nairobi newspaper, publish schoolbooks and build a 30-storey information and communications centre in Nairobi.

Mr Maxwell's group is now expected to use the Kenyan investment as a model for similar future developments "in many other African countries" and preliminary talks, it is believed, have already been held.

The Kenyan investment will be made by the Pergamon Media Trust, a new company set up by Mr Maxwell and which is owned by the Maxwell Charitable Trust and Pergamon Holding Foundation.

The investment is another clear sign of the growing internationalisation of Mr Maxwell's business interests. Apart from Europe, the US and Africa, Mr Maxwell has been looking increasingly at China and is the European publisher of the China Daily.

# Murdoch seeks huge damages

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO PRINT unions face potentially crippling damages claims by Mr Rupert Murdoch's News International over picketing outside the company's printing plant at Wapping in London's Docklands.

Sogat '82 and the National Graphical Association, both of which are already in serious financial difficulties, could find themselves ordered by the courts to pay millions of pounds.

Yesterday, the anniversary of the dismissal of 5,500 print workers when News International moved the printing of the Sun, News of the World, The Times and Sunday Times to Wapping, the company issued another High Court writ against the two unions.

It claimed damages under the 1982 Employment Act for so-called "economic torts" (legal offences) such as interference with commercial contracts, and also damages for the common law offence of nuisance.

Damages under the 1982 Act are limited to £250,000 against each union, but there is no limit on damages for nuisance.

# Strasbourg upholds GCHQ union ban

BY QUENTIN PEEL IN STRASBOURG

CIVIL SERVANTS at the top-secret British Government Communications Headquarters (GCHQ) in Cheltenham, Gloucestershire, yesterday lost their case challenging the Government's ban on their trade union membership before the European Commission of Human Rights.

The Commission rejected the case, brought by six trade union members at GCHQ who have refused to obey the ban, as inadmissible under the Human Rights Convention.

The decision was immediately condemned as "incredible" by Mr Tony Christopher, chairman of the policy committee of the Council of Civil Service Unions backing the case. "It does not seem to fit at all with my understanding of what the Commission of Human Rights is there to do," he said.

"The implication of what the Commission has said today is that national security takes precedence over human rights without qualification." Trade unionists had complained that the removal of the right of employees at GCHQ to belong to a trade union – ordered by the Government three years ago this week – was a violation of their rights under the Convention. They claimed it was not "necessary in a democratic society in the interests of national security."

The British Government argued the opposite; that the union ban was not disproportionate, and satisfied the requirements that it be "in the interests of national security."

The Government, represented by Mr Robert Alexander, QC, argued that the industrial disruption between 1979 and 1981, which resulted in the loss of over 10,000 working days, endangered national security, according to an official statement issued by the Strasbourg-based Commission.

The Commission provided no explanation for its conclusion on the inadmissibility of the case, which effectively closes that avenue of legal action to the GCHQ unions, who have already taken their case to the House of Lords and lost.

Mr Christopher insisted that they would not give up the struggle for union rights at GCHQ, in which they are supported by all three major British opposition parties. The CCSU would take further legal advice on other possible action, including through the International Labour Organisation, he said.

# Telephones dispute set to escalate

By Charles Leadbeater

THE INDUSTRIAL dispute at British Telecom (BT) escalated yesterday, with union leaders predicting that all the company's 110,000 telecommunications engineers will be either locked out or on strike by the end of the week.

Repairs to domestic phones and company exchanges are already being delayed. Exchanges in a number of towns have been disabled for several hours in the last two days.

A worsening of the dispute follows the collapse of pay and productivity talks, two weeks ago. BT says its final offer to the engineers would raise average earnings by 7 per cent, while the union says the rises would be between 5 and 5.8 per cent.

The union's rolling programme of 24 hours strikes follows BT's decision to suspend engineers who have refused to work overtime.

Both the union and the company maintained a hardline yesterday. BT said it would stick by its policy of requiring striking engineers to sign "work pledges" before they were allowed to return to work.

Mr John Golding, the National Communications Union's general secretary, said the union was prepared to give BT a "bloody nose if the company wants to play rough."

# Brown & Root grouping may get dockyard

By David Buchan

MR GEORGE YOUNGER, Defence Secretary, yesterday announced that his preferred choice of commercial contractor to run the Devonport naval dockyard for a period of seven years from this April is the consortium of Brown and Root (UK), the Weir Group and Barclays de Zoete Wedd.

This group, known as Devonport Management Ltd (DML), offered the possibility of saving the Government, which will still retain the dockyard ownership, £123m over the seven-year contract, Mr Younger said. A final decision hinges on the outcome of further talks

Unions are expected to reiterate to Mr Younger, at a meeting planned today to discuss the similar commercialisation scheme for the Rosyth base in Scotland, their opposition to any transfer of the dockyards outside the public sector.

The Government's overall aim was to get more commercial work into the Devonport and Rosyth repair dockyards, in order to reduce overheads and repair costs to the Royal Navy and minimise redundancies in the yards, Dr Michael Harte, the defence ministry official in charge of the dockyard scheme, said yesterday.

# UK NEWS

## 'Amicable' end to 6-year legal row on ship design

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SIX-YEAR legal dispute in which British Shipbuilders admitted that it had infringed the copyright in the hull design of a warship – the 50m offshore patrol vessel Osprey – has ended.

The High Court in London was told yesterday that under the terms of an "amicable" settlement there would be no orders for damages or legal costs.

Mr Tom Morison, QC, for Osprey Ltd, a Guernsey company, and TT Boat Designs, the owners of the copyright, told Mr Justice Whitford that "each side recognises the professional integrity of the other."

Osprey and TT Boat Designs are associated with Mr David Giles and Mr Peter Thornycroft of Thornycroft Giles and Associates, the ship designers at the centre of the continuing controversy over whether Britain's next generation of warships should retain their traditional long and thin shape or be short and fat.

On Monday, Osprey and TT Boat Designs, which alleged that the Osprey hull plan had been used in the design of HMS Peacock, a Royal Navy patrol vessel, went to court to claim "exemplary" – ie punitive – damages. At the eleventh hour, the judge was asked for a 24 hour postponement for settlement talks.

When the parties returned to court yesterday Mr Morison said that the legal action involved infringement of copyright and breach of a duty of confidentiality relating to drawings of two ships the Osprey and the Azteca.

Osprey Ltd and TT Boat Designs claimed that they had suffered damage; British Shipbuilders and their co-defendants admitted copyright infringement in respect of the Osprey, but contended that it had been innocent and had caused no damage to the copyright owners.

The other defendants to the claim, first made in April 1981, were British Shipbuilders hydrodynamics, Mr Reginald J. Daniels, a director of British Shipbuilders, Mr David Moor, superintendent of the Ship Model Experimental Tank (SMET) at St Albans – a BS subsidiary – and Vickers Shipbuilding and Engineering.

Their counsel, Mr Christopher Clarke, QC, told the court that they undertook not to reproduce in any form a drawing of the Osprey hull, or any substantial part of it, or make use of or disclose, or authorise the use or disclosure of, any information derived from the drawing which was confidential to Osprey Ltd and TT Boat Designs.

There was a proviso that the incorporation by the defendants in the design of the vessel of any feature of the hull design would not be a breach of the undertaking unless it amounted to a reproduction of a substantial part of the drawings.

The dispute first went to court in January 1982, Osprey Ltd and TT Boat Designs claimed damages; the defendants denied infringement or breach and alleged that the plaintiff companies did not own the copyright in the Osprey plan because it derived from the hull plan of another vessel, the 112-foot fishery protection vessel Azteca, built for the Mexican Government which, the defendants asserted, owned the copyright in the vessel's hull.

In October 1982, the court was told that British Shipbuilders admitted infringement and breach but said that Osprey Ltd and TT Boat Designs would have to prove damage.

## Beecham merges food and drink divisions

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

BEECHAM GROUP has completed the rationalisation of its food and drink operations with the merger of the division's main components into a new business to be called Beecham Bovril Brands (BBB).

The combined Beecham Foods and Bovril payroll of 2,124 will be reduced to about 2,000, the company said yesterday, through the closure of Bovril's head office in Enfield, north London, a factory and distribution depot in Newcastle-upon-Tyne and five depots elsewhere.

The merger puts the group's main branded grocery products under the control of a single management, production, marketing and sales team, to be headed by Mr Michael Fensome, currently managing director of Beecham Foods.

BBB's portfolio will include Bovril, Marmite, Horlicks, Ambrosia, Lucozade and Ribena. The new company will have total annual sales of almost £200m at manufacturers' prices.

Beecham's food division will also include the cheese and cattle breeding business operated as Horlicks Farms and Dairies in the west of England, and Beecham of Ireland, which handles a wide range of group products.

Rationalisation of the food division follows the £130m sale last October of the Corona, Tango, Quosh, Hunts and Idris soft drinks brands to Britvic, a joint company operated by brewers Allied-Lyons, Whitbread and Bass in co-operation with Pepsi-Cola International.

Other recent disposals include canned foods, milk rounds in the West Country and frozen foods in Ireland. The company said yesterday that it could not be precise about the number of redundancies.

## Analog Devices to build plant in Scotland

By Terry Dodsworth

ANALOG DEVICES, a Massachusetts-based semiconductor manufacturer, is planning to join the steady stream of US electronics groups establishing a production plant in Scotland.

Analog would not give details of its project yesterday, but it said that it had agreed to acquire a greenfield site from the Scottish Development Agency (SDA) at Linlithgow, near Edinburg. The date for construction would depend upon market demand for the group's products, it said.

Although the SDA would not put any figures on the size of the Analog investment, it described it as "substantial" both in terms of factory space and the number of jobs it would create. Initially, the US group is intending to assemble and test its products in Scotland.

# Contracts and Tenders

**REPUBLIC OF THE PHILIPPINES**
**PHILIPPINE NATIONAL OIL COMPANY**

**INVITATION FOR BIDS**

PNOC Energy Development Corporation—a subsidiary of the Philippine National Oil Company has received a loan from the International Bank for Reconstruction and Development toward the cost of the Geothermal Exploration Project and intends to apply the proceeds of this loan to eligible payments under the contracts for which this invitation to bid is issued.

Payment by the International Bank for Reconstruction and Development will be made only at the request of PNOC Energy Development Corporation and upon approval by the International Bank for Reconstruction and Development in accordance with the terms and conditions of the Loan Agreement, and will be subject, in all respects, to the terms and conditions of the Agreement. Except as the bank may specifically otherwise agree, no party other than PNOC Energy Development Corporation shall derive any rights from the Loan Agreement or have any claim to loan proceeds.

Sealed bids in quintuplicate and on the prescribed bidding form plainly marked:

"Bid No. EDC 87-01 DRILLING CONSUMABLES"
Package No. 1—Supply and Delivery of BENTONITE
Package No. 2—Supply and Delivery of MUD ADDITIVES
Package No. 3—Supply and Delivery of CLASS G CEMENT

will be received at the PNOC Foreign Purchasing Office, Petrophil Building, 7901 Makati Avenue, Makati, Metro Manila, Philippines until 2:00 p.m March 25, 1987 (Manila Time) and public opening shall be held immediately thereafter.

Tender Documents are available to interested bidders at the above-mentioned PNOC Foreign Purchasing Office starting January 19, 1987 between Monday to Friday from 8:00 a.m. to 4:00 p.m. upon payment of Five Hundred Pesos (P500.00) or Ninety US Dollars (US$90.00) inclusive of air courier services for foreign based bidders. Payment for Tender Documents are not refundable. Interested bidders who are not prequalified suppliers of PNOC as of the date of this invitation are required to submit company documents and information such as company brochures and annual reports together with the bids on the bid deadline.

Bids must be accompanied by a bid bond in the amount of US Dollars Fourteen Thousand (US$14,000.00) for Package No. 1, US$ Six Thousand (US$6,000.00) for Package No. 2 and US$ Sixteen Thousand (US$16,000.00) for Package No. 3 in forms acceptable to PNOC as per Tender Documents.

PNOC reserves the right to reject any or all bids and/or accept any bid in the full or in part without assigning any reason therefore.

For purposes of clarifying certain issues, a pre-bidding conference will be held at the PNOC Foreign Purchasing Office at 2:00 p.m. February 17, 1987.

Address all communications to the PNOC Foreign Purchasing Manager at the previously mentioned address. No questions on administrative and technical aspects shall be entertained later than ten (10) days before the bid closing date.

FOREIGN PURCHASING
Philippine National Oil Company

# Company Notices

**EUROPEAN COAL AND STEEL COMMUNITY**
**U.S.Dlrs 25,000,000—6½% 1967/1987**
**FINAL REDEMPTION**

The Commission of the European Communities informs herewith the bearers of Bonds that the amount remaining outstanding after March 1, 1986 i.e. U.S.Dlrs 1,200,000 is redeemable at par on or after March 1, 1987.
Bonds should be presented for payment at the offices of the paying agents set forth in the prospectus and the conditions of the Bonds.

Luxembourg, January 21, 1987.

# Rentals



## Residential



## Overseas Property



## Art Galleries



## Holidays and Travel



## Motor Cars



## Legal Notices

DEEPSHORE ENGINEERS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at 11.30 a.m. on 30 January 1987 at 112, High Street, Croydon CR0 1ND, for the purposes mentioned in sections 99 to 101 of the said Act.

A list of names and addresses of the company's creditors will be available for inspection free of charge at 7th Floor, 50, Pall Mall, London, S.W.1, during the two business days preceding the above meeting.

Dated 8 January 1987.

By order of the Board,
ANDREW BROWN,
Secretary.



# Company Notices

**WEST RAND CONSOLIDATED MINES LIMITED**
*(Incorporated in the Republic of South Africa)*
Company Registration No. 01/01978/06

COUPON No. 110
(DIVIDEND No. 110)

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after 30 January 1987 be paid 8.16522p per share, viz. 9.60614p the amount declared per share less 1.44092p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 110. Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:-

In London at Gencor (U.K.) Limited, 30 Ely Place, London, EC1N 6UA
In Paris at Credit du Nord, 6 & 8 boulevard Haussmann, Paris (9e)
In Basle at Swiss Bank Corporation
In Zurich at Credit Suisse

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:-

| | Pence |
|---|---|
| Amount of dividend after deduction of South African non-resident shareholders' tax of 15% ...... | 8.16522 |
| Less: United Kingdom Income Tax of 14% on the Gross Amount of the dividend of 9.60614p .. | 1.34486 |
| | 6.82036 |

Listing forms can be obtained from the office of the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES

21 January 1987

NOTE:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 14% instead of at the basic rate of 29% represents an allowance of credit at the rate of 15%.

**Provinsbanken A/S**
U.S. $25,000,000
Floating Rate Capital Notes 1990
For the six month period
21st January, 1987 to 21st July, 1987

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 6⅞ per cent. per annum, and that the interest payable on the relevant interest payment date, 21st July, 1987, against Coupon No. 10 will be U.S. $160.26

S.G.Warburg & Co. Ltd.
*Agent Bank*

**BANQUE NATIONALE DE PARIS**
US$250,000,000
Floating Rate Notes due 1997

Applicable interest rate for the interest period from January 21, 1987 up to April 21, 1987 as determined by the reference agent is 8 7/16 per cent per annum namely US$1,609.38 per bond of US$100,000.

**REDPATH INDUSTRIES LIMITED**
US$25,000,000
9% Debentures due 1989

Copies of the Annual Report and Accounts of Redpath Industries Limited for the year ended September 30, 1986 are available free of charge to holders of the above security during normal business hours from:
Hoare Govett Ltd
Corp Finance Division
4 Broadgate, London EC2

NOTICE OF PREPAYMENT
**THE MITSUI BANK, LIMITED**
U.S.$20,000,000
Floating Rate Certificates of Deposit Issued 28 February 1983
Maturity 29 February 1988 (Callable February 1987)

Notice is hereby given in accordance with Clause 3 of the Certificates of Deposit (the "Certificates") that The Mitsui Bank, Limited will prepay all of the outstanding Certificates on 27 February 1987 at their principal amount.
Payment of the principal amount, together with accrued interest will be made on the prepayment date against presentation and surrender of the Certificates at the London Office of The Mitsui Bank, Limited, 34-35 King Street, London EC2V 8ES. Interest will cease to accrue on the Certificates on the prepayment date.

THE MITSUI BANK, LIMITED
21 January 1987

**NATIONAL BANK OF CANADA**
**$US 200.000.000**
**FLOATING RATE DEPOSIT NOTES DUE JULY 1996**

For the six months, January 9, 1987 to July 8, 1987, the rate of interest has been fixed at 6 1/4% P.A.

The interest due on July 9, 1987 against coupon nr 2 will be $US 785,59 and has been computed on the actual number of days elapsed (181) divided by 360.

THE PRINCIPAL PAYING AGENT,
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK
J. P. MORGAN & CO. INC.

A cash distribution of $0.68 per Depositary share will be payable on or after the 19th January 1987 upon presentation of Coupon No. 66 at:
Morgan Guaranty Trust Company of New York,
30 West Broadway,
(Corporate Trust Department, New York);
35 Avenue des Arts,
Brussels;
Morgan House,
1 Angel Court,
London;
82 Frankrijklei,
Antwerp;
at the designated rate less applicable taxes.
This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 15th January 1987.

The Company has announced a 2 for 1 stock split payable to shareholders on record 22nd December 1986 against Coupon No. 67.
Coupon No. 67 should be presented to: Morgan Guaranty Trust Company of New York,
35 Avenue des Arts,
Brussels,
Belgium.
Resulting bearer certificates of P.V. $2.50 will be issued cum Coupons numbered 68-76.

## Personal

PUBLIC SPEAKING training and speech writing by award winning public speaker. 01-839 6552. First lesson free.

# UK NEWS

## Third Market 'likely to attract 120 companies'

BY ALICE RAWSTHORN

THE *Third Market*, the London Stock Exchange's new forum for dealings in the shares of small businesses, should attract around 120 companies capitalised at more than £350m in its first year of dealings, according to the accountants Peat Marwick.

Peat Marwick has identified four chief categories of recruit for the third tier, which opens on Monday. Some will transfer from the over-the-counter market which has sprung up off the stock exchange floor or from the stock exchange's Rule 535(3) mechanism for mineral exploration companies. Others will be new issues under the aegis of the Business Expansion Scheme or successful small companies which are too young to join the main stock market or the Unlisted Securities Market.

The archetypal Third Market company will, according to Peat Marwick, be valued at £3m and seek to raise £1m when it goes public and will produce pre-tax profits of between £200,000 and £500,000.

In recent months Peat Marwick has discerned a high level of interest in the third tier, chiefly from industrial companies in the regions, in contrast to the early USM recruits, which tended to be from the service sector and based in London.

These candidates fall into two categories: businesses which are eager to secure a public quotation but are not prepared to wait to join the USM; and older companies which need to raise new capital in order to regain lost momentum.

Although the Third Market has been devised as a less rigorous forum than the USM, the cost of flotation will be similar. Introductions, whereby companies join the market but do not raise new capital, will be relatively cheap, according to Peat Marwick, at between £5,000 and £10,000; but new issues will, as on the USM, cost from 10 to 20 per cent of the capital raised, with a minimum of £50,000.

Peat Marwick has produced a guide, its 'Action Plan', for companies considering a third tier flotation and is organising a series of seminars throughout the country.

*Third Market Action Plan available free from Peat Marwick, 1 Puddle Dock, London EC4V 3PD.*

## Rate of buy-outs expected to slow

By Charles Batchelor

MANAGEMENT buy-outs, one of the fastest growing sectors of recent corporate finance activity, are expected to mark time over the next year or so, according to a survey by accountants Peat, Marwick, Mitchell.

The value of management buy-outs rose to £1.15bn in 1986 from £1.02bn the year before – and from just £40m in 1980. They appear unlikely to exceed £1bn in the current year, according to Mr David Carter, a partner of Peat, Marwick.

Even this figure will depend either on another large buy-out such as that of Lawson Mardon, the packaging group, bought for £280m in 1985, or on a large number of deals in the £10m-£100m range. Many professional advisers and bankers complain that vendors are seeking too high a price for the company they are selling.

"There can only be a limited number of suitable buy-out targets at any one time," said Mr Carter. "It could prove that the tree was pretty vigorously shaken in 1985 and 1986. Many of the riper plums may have already fallen off and we may have to be patient while more ripen."

Larger buy-outs – those worth more than £10m each – appeared to peak in the first quarter of 1986 and declined in each subsequent quarter.

## Shorts rolls out Tucano trainer

BY MICHAEL DONNE

THE FIRST production Tucano basic trainer aircraft for the RAF built by Short Brothers of Belfast was formally rolled out at the company's factory yesterday. Shorts is building 130 of the Brazilian-designed trainers under a £125m Ministry of Defence contract.

The aircraft has already made its maiden flight, and will soon undergo tests and certification trials before joining the RAF.

Shorts won the contract for the Tucano in March 1985, after a fierce battle against British Aerospace, which was offering the rival Swiss-built Pilatus PC-9 basic trainer.

Shorts is using a subsidiary company, Shorts Light Aircraft Company (Shorlac), for Tucano production work to keep the programme separate from its other aircraft, missile and aerostructures activities, and to keep within the tight Defence Ministry budget for the programme.

The Tucano was originally designed by Embraer of Brazil and in its Brazilian form the aircraft has already won substantial orders world-wide. In the Shorts-built version considerable modifications have been made to meet the needs of the RAF, including the use of the US Garrett-made engine.

Sir Philip Foreman, chairman and chief executive of Shorts said yesterday that the resulting aircraft was superior to the original Tucano.

## Voyager pilots set for business take-off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE TWO pilots of the successful first non-stop flight round the world in the Voyager aircraft intend to remain in the aviation business to promote the development of the composite materials used in their record-breaking flight.

Mr Dick Rutan, 48, and Miss Jeana Yeager, 34, who jointly built and flew the Voyager aircraft round the world last December, covering more than 25,000 miles in just over nine days, said in London that it was their ambition to continue the exploitation of the new technologies, especially in composite materials, developed for the Voyager aircraft.

Mr Rutan said that they had set up their own company, Voyager Aircraft Inc. "The future in aviation lies in composite materials," said Mr Rutan. "Aluminium is out."

He added that there could be good markets for long-distance, slow-flying and stable aircraft such as the Voyager in commercial aviation. One possible future use would be for such tasks as iceberg surveillance, something in which the Canadian Government was interested.

The Voyager aircraft used in the record-breaking flight would not fly again, he said. It was destined for the Smithsonian Institution's Washington Air and Space Museum's Aviation Hall of Fame, along with such other famous aircraft as the Wright Brothers' Flyer (1903) and Lindbergh's Spirit of St Louis (1927) which was used for his non-stop solo transatlantic record-breaking flight.

Mr Rutan said that during the Voyager flight there were occasions when he and his co-pilot Jeana Yeager did not think they would succeed.

"We were aware of the imminent terror around every corner, but we really didn't have the time to be bored or terrified. There were times when I felt like giving up."

Miss Yeager said that she had suffered from the cold and from fatigue and aviation sickness.

The two pilots are now concentrating on a worldwide lecture tour and on writing a book about their voyage, which they hope will help to clear debts incurred in financing the flight, although Mr Rutan was unable to say precisely what the entire venture had cost.

One of the main contributors to the venture, however, was Mobil Oil, which developed a special synthetic engine oil suitable for long-distance flying. The company expects to offer this shortly on the world market.



# APPOINTMENTS AND CONTRACTS

## Taylor Woodrow US post

Mr Jim Millar has been appointed a director of TAYLOR WOODROW HOLDINGS INC, and succeeds Lord Taylor of Hadfield as president and chairman. Taylor Woodrow Holdings Inc is the holding company for the construction, property, home-building, mining and other interests of the Taylor Woodrow Group in the US. Mr Millar is chairman of Taylor Woodrow Construction (Midlands), and is on the board of Taylor Woodrow, chairman of Taylor Woodrow Construction Corp, New York, a director of Taylor Woodrow Homes California, and is on the boards of Taylor Woodrow Homes Florida and Monarch Investments, Canada.

★

Mr Ronald W. Forrest has been appointed chief executive of ALEXANDER STENHOUSE. He takes over from Mr John London, recently appointed chief executive officer of The Alexander Consulting Group. In a restructuring Alexander Stenhouse has also appointed Mr Kenneth J. Davis as chief operating officer, UK branches, and Mr Mike J. Barrett as chief operating officer, London operations.

★

FIRST INTERSTATE BANK OF CALIFORNIA, London branch, has appointed Mr John B. McVittie as senior vice president and general manager. He will also become a non-executive director of First Interstate Capital Markets. Mr McVittie was managing director of Privatbanken, London. Prior to that he was with Continental Illinois National Bank and Trust Company in London and in Hong Kong. He takes up his new post at the beginning of February.

★

Mr Marian Berry and Mr Philip Fitzpatrick have been appointed to the board of SELECT APPOINTMENTS.

★

Mr Rowan O'Neill has been appointed export sales manager for RHP INDUSTRIAL BEARINGS. He has, since 1984, been general manager of Roulements RHP France SA, and he will retain the office of président-directeur général of that company.

★

UNITED TRANSPORT tankers a BET company has appointed Mr Malcolm Ravenscroft as marketing director. He was with Reliance Transport Group.

★

Mr James Lee is to join THE BOSTON CONSULTING GROUP, and is to be appointed a director. He returns to professional consulting after six years of leadership of a number of media enterprises, including chief executive of the Pearson group, chairman and chief executive of Goldcrest Films and Television, and deputy chairman of Yorkshire Television.

★

WARINGS, Portsmouth, has appointed Mr Len Salter as construction director. Mr Ken Gold, previously contracts director, becomes technical director.

★

Mr E. P. Hall and Mr B. D. Cauldwell have been appointed directors of LONGTON UNDERWRITING AGENTS.

★

Mr Roland Hengartner has been appointed an executive director and to the executive committee of the board of SWISS BANK CORPORATION INTERNATIONAL, London.

★

EASTERN COUNTIES NEWSPAPERS, Norwich, has appointed Mr Tom Stevenson to the board as advertisement director. He was general advertisement manager.

★

Mr François Gall has been appointed assistant director at WALLACE SMITH TRUST in the strategic finance and planning department. He will continue to be based in the UK but with special responsibilties for supporting the growth of the Spanish office.

Mr J. Millar, president and chairman of Taylor Woodrow Holdings Inc

★

Mr Keith Barrett has been appointed financial director and company secretary of the Leeds-based CCL GROUP.

★

Mr Derrick Reid has been appointed managing director and Mrs Carol Roberts a director of CENTURY INDUSTRIAL SERVICES, Card Finance, Merseyside Finance, Ferguson Finance and Ferguson Leasing.

### CONTRACTS

## Bovis builds Reading industrial park

BOVIS CONSTRUCTION has been awarded an £8.1m management contract to build the first phase of an industrial park at Winnersh Triangle, Reading, for Slough Properties, a member of Slough Estates. The project involves construction of three high-technology units for office and light industrial use providing a combined space of 150,000 sq ft. The building will consist of steel framework structures supporting lightweight reinforced concrete floors, single membrane roof coverings and panel and glass curtained wall envelopes. Each building will feature a distinctive entrance hall with lifts attached to the staircase and toilet core. An integrated landscaping scheme will allow for a large amount of car parking well-hidden among hillocks and bushes.

Bovis Construction has also been awarded two contracts worth over £1m to carry out works to Owen Owen stores in Liverpool and Shrewsbury. The company has already completed Phase I of works at Shrewsbury, a Grade II listed Tudor building, and will start Phase II in January for completion in August. Valued at £540,000, the second phase comprises creation of an additional retail sales area, installation of a roof, complete renewal of the shop front, rationalisation of floor trading levels and installation of a passenger lift. Works at the Clayton Square branch in Liverpool comprise the removal of escalators and replacement with five new ones. This £500,000 contract is due for completion in July.

★

TAYLOR WOODROW INC, of Houston, Texas, has been awarded a £2.5m contract to construct a US embassy building in Gaborone, Botswana. The order has been placed by the US State Department and work is scheduled for completion in January 1989. The embassy will consist of a two-storey building with a basement and an additional single-storey structure. Both will have reinforced concrete frames and the work also includes fencing and landscaping. This is the second contract for work on a US embassy awarded recently to Taylor Woodrow companies. Taylor Woodrow-Towell Company (LLC), a related company of the Taylor Woodrow Group, is already working on a £6.4m subcontract to Brown and Root Mid East to construct a new US Embassy in Oman.

★

J. F. FINNEGAN has been awarded building contracts worth a total of £4.3m. Retail warehousing contracts include a £720,000 unit for Turret Developments in Sheffield to be occupied in five months time by W. H. Smiths Do-it-all; in Huddersfield a project at a cost of £925,000 for Slough Properties for occupation by MFI, and a design and build contract in Ashfield (Kent) costing £550,000 for Martin Ford to be tenanted by Great Mills D.I.Y. Work has also started at Willington on a £576,000 youth club for the Inner London Education Authority. Three contracts in the Sheffield region include two at Nether Edge Hospital for the Sheffield Health Authority worth £530,000 and a £1m sheltered housing scheme at Kiveton Park for the "Johnnie" Johnson Housing Trust.

★

BALFOUR BEATTY BUILDING has won orders worth £3.5m. Heading the list is a contract worth £1.4m to construct a new home and garden centre in Newcastle under Lyme, Staffordshire, for Homebase, part of the Sainsbury organisation. Work involves construction of a single-storey building of some 2,600 sq metres together with roads, car parks and paved garden display area. The project is to be completed by September.

Balfour Beatty Building has also been awarded a contract worth £713,000, by ICI to carry out the building works package of its new toxicology laboratory situated in Alderley Park, Macclesfield. The project is the construction of a four-storey, steel framed laboratory including brickwork, partitions, fire encasing and internal finishings.

Stent Foundations, part of the Balfour Beatty Group, has been awarded a £1.4m piling contract for the new John Lewis store to be developed in Kingston Town Centre opposite Bentalls. The contract is for construction of 281 piles with large diameter under-reams to a maximum of 4.5 metres diameter, and the main contractor is the civil division of John Mowlem & Co, Stent, in conjunction with Soletanche, has also obtained a £1.3m contract for the construction of a 800mm thick diaphragm wall up to 19 metres deep. The construction period for both contracts is 22 weeks.

# LETTERS TO THE EDITOR

## UK higher education

*From Dr P. Wright*

Sir,—Of course Dr Marett is right (January 16): in comparison with other countries the British university system produces highly-specialised graduates quickly and cheaply. Unfortunately, he fails to show that this is what is needed by British society.

Indeed, a mounting body of evidence suggests that British higher education is unusual for an advanced society in two respects: firstly, a smaller proportion of the age group here pass through it than elsewhere; secondly, specialisation is greater, and occurs earlier. It is not difficult to see how these characteristics are probably linked to British economic weakness and cultural divisions.

If these are to be overcome, it seems inescapable that we shall have to remodel our higher education. We shall have to replace the traditional view—that its purpose is primarily to produce graduates with a high level of specialised knowledge, well-prepared to be scholars and researchers — by another that recognises, in addition, that higher education should produce large numbers of broadly educated men and women able to contribute to many different aspects of British life. I see little evidence that this latter aim yet carries much weight.

Whether one agrees, or not with Professor Ashworth's precise proposals (January 7), it it important to recognise that he faces up to the central question which I believe is this: How can one apply approximately the same resources as at present to make a higher education system that is more responsive to social needs?

I do not accept, and I do not see why others should accept, Dr Marett's apparent presupposition that what universities have traditionally defined as desirable should necessarily be what is good for British society today.

I believe that all of us who work in higher education—like other professionals—are under a pressing obligation to those that fund us to justify why they should do so. Given that, hitherto, higher education has paid scant attention to some 85 per cent of the British population, the sooner we face up to this task the better.

Peter W. G. Wright.
*Portsmouth Polytechnic,*
*Nuffield Centre,*
*St Michael's Road,*
*Portsmouth, Hants.*

## Frightening timid people

*From Mr B. Dowling.*

Sir,—As one who sports a Coke hat from fall through spring, I took especial delight in your inspired article by Janet Marsh, Top Hat Tales (January 17). Now I understand the allure for the gentlemen of the discount houses of the Hetherington hat: "a tall structure having a shining lustre and calculated to frighten timid people." Women fainting, children screaming, dogs howling — Big Bang was nothing to this. And then the Mephistophelean question "Money, Sir?" . . .

Nevertheless, am I alone in thinking that the gold-banded toppers and scarlet surtouts of the head waiters at Lloyd's are now an anachronism? They are of course the janitors of "a tall structure having a shining lustre and calculated to frighten timid people — women fainting, children screaming etc" — but should they replicate this on their heads, in these utilitarian times that which their edifice exemplifies? Would they not be more aptly clad in safety helmets and boiler suits? Could this be one of the details that Mr Rogers overlooked?

Brian Dowling.
*1, Meadow Croft,*
*Hawthorne Road,*
*Bickley, Kent.*

## An appealing package

*From Mr A. Harper*

Sir,—May I suggest an amendment to Samuel Brittan's fiscal reform proposals displayed as a tax-benefit package table (January 15)?

Having found £11bn of extra revenue, why fritter it away in a form that could all too easily find its way into increased (and unnecessary?) expenditure on imported consumer goods?

Rather than increasing reliefs and reducing standard rate income tax, why not use £7bn to balance the overall budget, a further £2bn for funding (job-creating) capital works—roads, hospitals, schools, Channel Tunnels etc—and the final £2bn to repay part of the current year's maturing gilts.

The increase in public works will be popular with almost everyone and for all the right reasons.

The reduction in the overall National Debt, albeit a mere £2bn out of a colossal £180bn (or thereabouts) will have a gradual endowment effect on the budget in so far that interest payments the following year (ignoring rate fluctuations) will fall—an event which has not happened for nearly 50 years. It should not be forgotten that Government debt interest payments run at approximately £19bn per annum, coming second in programme size only to defence. And it is expenditure which is uncuttable unless the Budget is balanced and debt is actually repaid — not refinanced.

One cannot help but suspect however that the general level of interest rates would fall also, if the government balanced its own books—further reducing its own interest payments while neatly assisting the miffed homeowners, still moaning over their lost MIRAS. And in so far as pension fund managers had less money to play with, perhaps their salaries might fall too.

Altogether a very politically appealing package!

Arnold J. Harper.
*31 Russell Road, SW19.*

## No-strike deals and automatic arbitration

*From the General Secretary, Electrical Electronic Telecommunication and Plumbing Union*

Sir,—I wish I had the GMBATU's educated flexibility with words ("Edmonds blames EETPU over strike-free deals," December 29). You report Mr Edmonds as rejecting EETPU style strike free agreements and as predicting their demise. You record him as saying that the GMBATU "will not sign no-strike deals or accept automatic arbitration or any of the 57 varieties of no strike deals."

If the GMBATU has not signed such deals, it must be because it has failed to convince any employer to make one. For, in direct contradiction to Mr Edmonds' words, they are on offer to British industry generally through its Managerial, Administrative, Technical and Supervisory Association single status/single union draft agreement. Within that draft, the GMBATU offers an employer at the last stage of procedure:— "(d) If in the opinion of both parties and Acas it is felt that the matter could be resolved by conciliation, then that process should be used in preference to arbitration. (e) If conciliation fails, then the difference may be referred by either side to arbitration. (f) If arbitration is used, then both parties are considered bound by the findings of the arbitrator."

Unless the GMBATU and its general secretary are prepared to make agreements they will not honour, these clauses must amount to a strike-free deal—and Mr Edmonds accuses others of "conning"! We can teach him nothing about that.

Mr Edmonds' claim that the GMBATU has "... had to make concessions" because of EETPU deals does not square with the history of GMBATU's dealings with employers. A recent Institute of Personnel Management publication "No strike agreements and pendulum arbitration" records:—"In its evidence to the Donovan Commission, the General and Municipal Workers' Union (GMWU now GMBATU) emphasised that 'fruitful co-operation' with firms could be offered in return for exclusive organisation of manual employees. At Ilford in 1965, the union was granted a closed shop in return for signed statements by individual members unreservedly agreeing to abide by union rules and agreements by that union and company. The effect was to require the GMWU to 'discipline' its members if there were an unofficial strike in order to maintain its right to the closed shop (Lane and Roberts, 1971)."

I forbear to claim that it was the cosy GMBATU employer deals of that time that pushed the EETPU to make its radical new deals.

Our agreements have a different genesis. They have been constructed to meet the needs of the modern trade unionist and the industry in which he works. Within them, we have attempted to blend the best of our observations and experiences. They are complete industrial relations packages—parity of status, involvement, training and flexibility, and then a sensible means of settling any differences.

Our union conferences and members concerned have endorsed our policy and agreements. They have, in a number of cases, successfully protected existing employment and moved on to create additional manufacturing capacity and employment opportunities.

I'll rest with that bottom line and if my members are displeased, they have the opportunity to vote me out of office—GMBATU members have no such advantage!

Eric Hammond.
*Hayes Court,*
*West Common Road,*
*Bromley, Kent.*

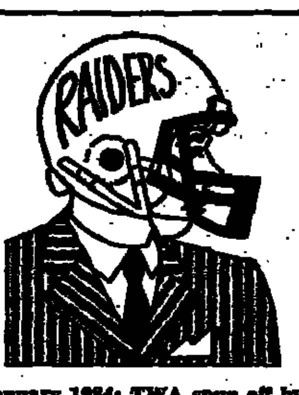
## MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

TWA

# Back to profit but the hard decisions still lie ahead

**Anatole Kaletsky explains how the reputation of Carl Icahn has been transformed as a result of his performance with only the second company he has managed**



**January 1984:** TWA spun off by Transworld Corporation.
**Spring 1985:** Carl Icahn starts buying TWA shares.
**June 1985:** TWA solicits $23 per share bid from Frank Lorenzo of Texas Air.
**July 1985:** TWA unions offer Icahn pay concessions to block Lorenzo.
**August 1985:** Lorenzo offers $26, but Icahn continues to buy stock.
**August 1985:** TWA board, under strike threat from unions, refuses Lorenzo options that would lock out Icahn.
**September 1985:** Icahn acquires 52 per cent stake and plans to buy 100 per cent.
**November 1985:** Paine Webber fails to raise $770m needed to buy out minority.
**December 1985:** Drexel Burnham raises up to $750m, but cash must remain in TWA.
**January 1986:** TWA board reluctantly recommends revised part-cash offer. Icahn becomes chairman, with 68 per cent shareholding.
**February 1986:** TWA agrees to buy Ozark.
**March 1986:** Flight attendants reject pay cuts, strike and are sacked.
**July 1986:** disastrous results announced for first half of 1986.
**October 1986:** TWA announces record third-quarter profits.

CARL ICAHN is the Tamburlaine of corporate raiders — a *man responsible for more* plunder and dismemberment across the length and breadth of corporate America than anyone ever imagined possible. He is feared and hated, of course. But these days he also commands respect and even admiration.

Nobody taunts him any longer as "Carl I-Can't," or points to the contrast between Icahn's peremptory demands for instant demolition of long-established corporate structures and his own alleged inability to run anything more complex than a large overdraft.

The rehabilitation of Carl Icahn — and with him of the whole buccaneering crew of corporate raiders — can be attributed largely to one success story, Trans World Airlines. "There is no question in my mind that TWA would be bankrupt today if I had not come along," Icahn claims. And the US financial establishment has mostly bought his story.

The basic financial facts on TWA's turnround are certainly impressive. Icahn has managed to turn a loss of $193m in 1985 and $257m in the first half of 1986, into a profit of $65m in the third quarter. The year ahead is generally expected to produce TWA's first decent profit since the deregulation of the US airline industry in 1978. Just as important, Icahn has reorganised the balance sheet of this financially-strapped company so that it enters 1987 with a large hoard of cash — perhaps as much as $1bn — to keep its creditors at bay.

These are remarkable achievements for a man who had never run a major business and had no experience at all of the airline industry until he became TWA's chairman in January 1986. But do they begin to justify Icahn's characteristically self-confident—appraisal of his performance — "what we have done at TWA was a microcosm of what should be done throughout American industry" — presumably through further aggressive takeovers and corporate raids?

There seems to be no doubt that TWA today is healthier, as well as leaner, than it was two years ago.

Its labour costs have been cut by 25 per cent or $400m annually through drastic pay reductions, productivity improvements and purges of managerial staff so that it now enjoys the second lowest unit costs among the major US airlines.

Its route network has been pruned aggressively in response to the collapse of trans-Atlantic tourist traffic last summer. By selling and redirecting aircraft from the Atlantic, TWA managed to keep its aircraft among the fullest in the US airline industry last summer, at a time when hi-jacking hysteria was knocking Pan Am's load factors from near the top to the very bottom of the airline industry league.

Icahn has also struck some shrewd business deals — buying Ozark Airlines for $250m and thereby creating a near monopoly at the St Louis hub of TWA's domestic operations and selling a half-share in TWA's Pars computerised reservations system to North-Western Airlines for $140m.

There are, however, two large minuses to counterpose against all these improvements—and the beginner's luck that Icahn enjoyed from the fall in oil prices and the general lessening of competition in the airline industry last year.

TWA, alone among the major US airlines, has not ordered a single new aircraft to secure its long-term future. Its fleet of 213 aircraft is one of the oldest in the industry and very costly replacement decisions will have to be made soon if it is to remain competitive with other airlines in terms of fuel efficiency and passenger comfort.

Those decisions will be harder to take than ever because of the second big question-mark hanging over Icahn's stewardship. Like most victims of aggressive takeovers these days, TWA is up to its tail fins in debt. TWA's debt-equity ratio has shot up from two to seven since mid-1985, making it the second most leveraged airline in the US and "greatly increasing the risks of doing business in an industry that is already very risky," as David Treitel of airline consultants Simat, Helliesen and Eichner points out.

Only time can tell how heavily these long-term detriments will weigh against the short-term improvements in TWA's performance—although experience suggests that a strategic change of direction will soon be needed from Icahn's policies of retrenchment. "Airlines need to expand—nobody has ever shrunk an airline to profitability before," Glenn Engel of Goldman Sachs, the US finance house, points out.

But even if it is assumed that TWA is now a strong and viable business, how much credit is due to Icahn and to the disciplining effects of his corporate raid?

*There is no evidence that* TWA was sliding towards bankruptcy when Icahn attacked it. It may have been a badly managed company when it was first put "in play" by Icahn in May 1985. Certainly it had been starved of capital for years as a subsidiary of Transworld Corporation (itself now in the process of liquidation to thwart a raid from Icahn's friend Ronald Perelman). But as Engel of Goldman Sachs argues, "TWA was not on the brink. It is amazing how these older companies can generate lots of cash —they have all sorts of assets they can sell or mortgage and they can carry on like that for years."

Icahn's claim to have saved TWA is therefore something of an exaggeration. But what about the lesser claim that TWA was strengthened by the Icahn takeover? This may be true, but not necessarily in the sense intended by Icahn and the other apologists of corporate raiding.

The major causes of TWA's present strength—the lowering of labour costs and the improvement in the cash position—are not attributable to the takeover itself but to the strange series of incidents which prevented the bid for TWA going the way of other recent corporate battles—and possibly the way Icahn originally intended.

Carl Icahn: has not ordered a single new aircraft

After Icahn's initial bid of $18 a share in May 1985, the TWA board turned for protection to an unusual white knight—Frank Lorenzo, the chairman of Texas Air and grand master of junk bond financing in the airline business. In normal circumstances Lorenzo's bid of $23 a share would probably have closed the matter. Icahn would have taken a profit of up to $100m on his 33 per cent of TWA and the airline would simply have vanished into the Texas Air and Continental Airlines system.

The fact that TWA remained independant was largely attributable to one extraordinary circumstance—the fear and loathing induced in airline unions by Lorenzo. It was the Airline Pilots Association and the International Association of Machinists—both of which Lorenzo had ruthlessly smashed in his takeover of Continental Airlines — which persuaded Icahn to thwart Lorenzo.

In exchange, they offered him on a plate the massive pay concessions which have now enabled TWA to turn in a profit. Had Icahn bought TWA without Lorenzo's intervention, he might have been no more successful in winning such a deal than the airline's old management, which had been negotiating similar packages with the unions for over two years.

The deal with the unions also put significant restrictions on Icahn's ability to dispose of TWA's assets piecemeal, which is precisely what he did two years earlier with ACF, the New York-based shipping, railway stock and energy group, the only previous example of a company actually taken over and managed by Icahn.

The final, and possibly the most important, singular feature of the TWA saga involved the takeover's financing. Although TWA is today among the most debt-burdened companies in the US, it is less stretched than Icahn had originally intended. For, while the company now has $2bn in long-term debt against an equity base of less than $300m, it also has a large cash cushion—perhaps as much as $1bn in liquid assets, according to estimates made last autumn by Icahn. This cash would not have been in TWA had Icahn's original plans for the company been fulfilled.

TWA's cash has been generated principally by borrowing over $600m on the junk bond market. Icahn's initial plan was to use the proceeds of his bond issues to buy out the minority shareholders in TWA and take the company private. This strategy would have allowed Icahn to realise the capital gains on his own TWA shareholding but only at the cost of aggravating TWA's leverage still further.

As it turned out, even the junk bond market would not accept this arrangement, partly because of TWA's flimsy asset backing and partly because Drexel Burnham Lambert, the unchallenged rulers of the junk bond market, happened to be acting initially for Frank Lorenzo in the TWA battle and not, as usual, for Icahn.

Ironically, therefore, TWA's financial future, which is ultimately underwritten by its large cash holdings, has been secured in part by the reluctance of junk bond investors to give Icahn free rein with the company's resources.

But Icahn is not so easily thwarted. Rather than spending TWA's cash on new aircraft, he has found another use for the money. Last autumn TWA quietly started accumulating a large position in the stock of USX Corporation, the large steel company. Icahn is now known to be attempting his ultimate corporate raid—the takeover and liquidation of USX —and TWA is to be used as the tactical air force.

As his old friend and fellow raider, Irwin Jacobs said when Icahn won control of TWA and found himself saddled with the task of actually managing the ailing company: "I don't envy Carl's situation—there's a lot of other things he could be doing out there in the market instead of running some airline."

*Previous articles in this series appeared on 13, 14, 15 and 19 January. The final one will be published on Friday.*

## Management abstracts

**Improving operational performance in service industries.** R. Copeland + S. Globerson in Industrial Management (US), Jul/Aug 86 (6 pages).

*Discusses integrating* accounting measures into operational management information systems in labour-intensive service industries with high variable costs. Compares the characteristics of accounting and operational management reporting systems, and describes how they may be integrated to provide more meaningful operational cost data for performance and quality measurement.

**Telex as a response medium.** Industrial Marketing Digest (UK), Vol 11 No 3 (1½ pages).

Quotes the generally-favourable reactions of companies which have used telex as an alternative to direct mailshots; sees it has being a cheaper method for those who can live without space, colour, and graphics. Notes that the UK is catching up on France where telex has been more widely used.

**Global marketing: an empirical investigation.** S. M. Huszagh and other in The Columbia Journal of World Business (US). Vol 20 No 4 (13 pages)

Presents the results of empirical research into the effectiveness of global marketing; admits that there is no valid way of assessing its feasibility for any product category; highlights three issues — the tendency for the management of an autonomous unit to resent any incursion into their territory; the ability of the new technology to produce differentiated products; the constraints placed on global marketing by trade barriers.

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of original articles may be obtained at a cost of £4 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.*

## Ever Ready

IN early editions of Monday's article on Ever Ready, Colin Stapleton, chairman of the company at the time of its takeover, was incorrectly quoted as saying "Hanson's a cash today man. We were business inability people." This should have read "We are business viability people."

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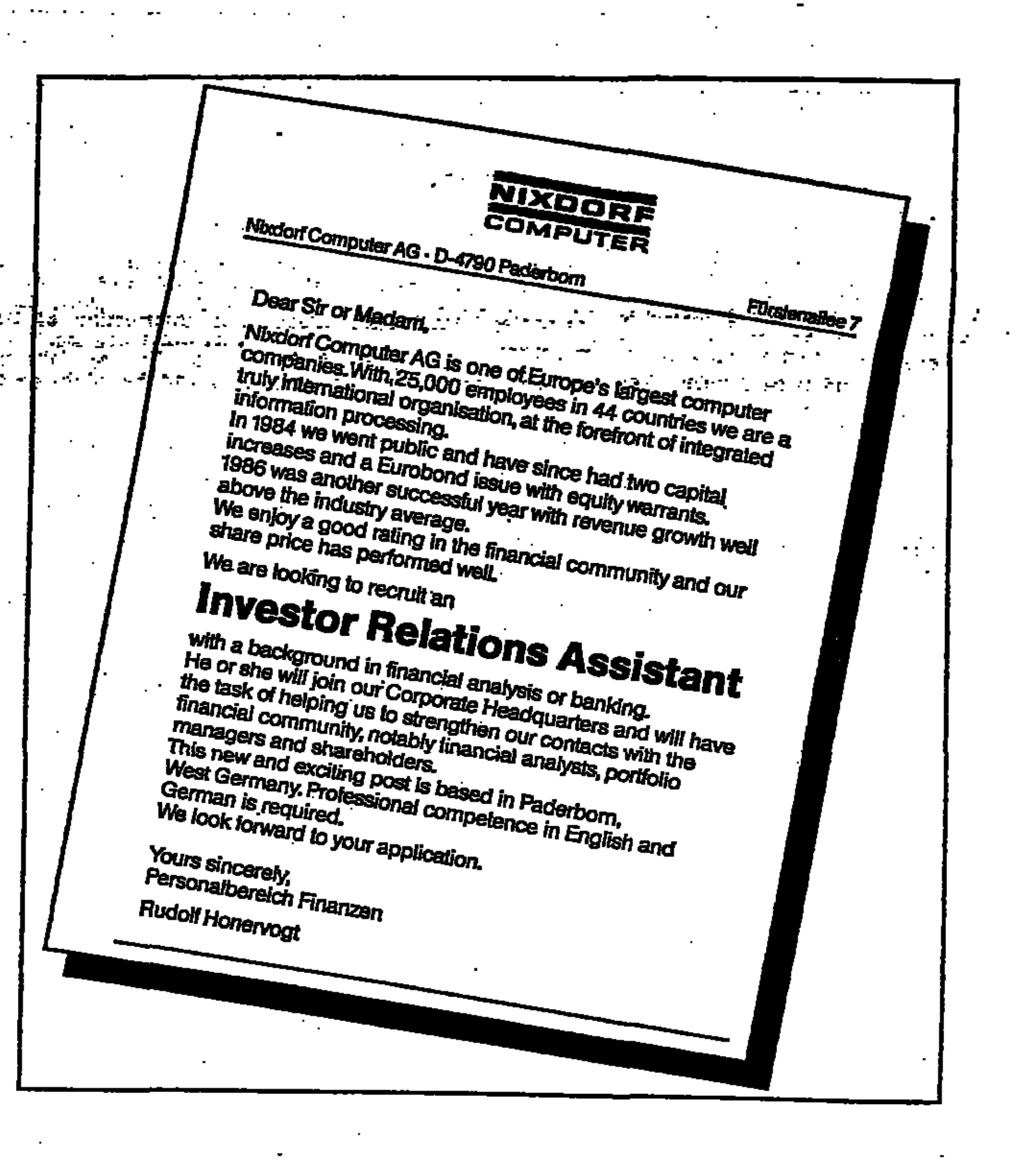
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## Television/Christopher Dunkley

# The art of making a confused statement

Television has always done too little in attempting to bridge that gap between artist and public which first appeared as a crack in about 1890, grew to the size of a canyon by 1936 when television first appeared, and finally became a chasm of such proportions that most ordinary people did not expect ever to understand modern art, let alone like it.

Since it was the invention of the camera, with its ability to record portraits and landscapes automatically, which played such a major part in driving artists away from their representational traditions and down the cul-de-sac of abstract art, it would have been rather satisfyingly symmetrical if the television camera had then been used as the means to show the public what was really going on in contemporary art.

Instead television gave us *Civilisation*, which must have suggested to many viewers that the modern movement was simply an aberration which was lasting an unconscionably long time, and then *The Shock Of The New*, which seemed largely concerned with persuading us that the modern movement was just as respectable, just as deserving of admiration, as the classical traditions exemplified in *Civilisation*. I suspect that in this it was pretty unsuccessful.

Of course there have been countless other individual programmes about modern artists and modern art, but we now know, surely, that it is in the very nature of television that you have to use the scatter-gun technique of a whole series if you are to convey anything memorable about anything complicated. Thus it was exciting to hear that one of the first new series to be shown in 1987 would be *State of the Art*, six programmes each lasting an hour, to be shown on Channel 4 on Sunday evenings.

There was a certain irony in the fact that the series had finally arrived at a time when it seemed that representational and figurative work was at last coming back into fashion. But then during its preparation it was referred to as the first post-modernist art series for television, so this looked deliberate.

Moreover the series producer was John Wyver, a man who has written perceptively about television and, as one of the independent producers virtually created by Channel 4, has produced some very interesting programmes, notably the video collection *Ghosts in the Machine* and a clever documentary about the famous Patrick McGoohan series *The Prisoner* which used pastiche as a tribute and a critical tool.

Sure enough *The State Of The Art* again seems to mirror many of the characteristics of its subject, but the trouble is that whereas *The Prisoner* was entertaining, self-consciously elliptical, fast-moving and tongue-in-cheek, all qualities which Wyver managed to extend to his own programme, modern art is frequently pretentious, obscure, humourless, confused, confusing, long an assertion and short on explanation. That is why so many of us need television to help us with it.

Parts 1 and 2 have now been transmitted and having watched those and previewed the other four I can assure anybody who was (understandably enough) put off by the confusion of the opening section of Programme 1 that there is nothing quite as bad as that anywhere else in the series.

Precisely why director-producer Geoff Dunlop and writer/producer Sandy Nairne should have chosen such an unintelligible opening with its jumble of images and cacophony of sound effects is baffling. Perhaps, like many producers before them, they became too familiar with their own work during production and could not see how impenetrable it would be for us. Perhaps it is one of the faults of the C4 commissioning system that independent producers lack the sort of presence (provided for so long at the BBC by Huw Wheldon) who can bring a practised and sceptical over-view to a series before it is transmitted.

Before coming to content there are, unfortunately several other technical quirks which detract from the series. First and worst, like so many arts programmes, this series values the sensibilities of its own producers above those of the artists. Instead of starting in each instance by showing us the work as the artist intended—whole—the producers far too often indulge their own predilections, opening with a close-up, panning to other bits and pieces, or zooming out slowly, before arriving finally at what the artists wanted us to see.

Sometimes they refuse altogether to let us see the whole work. It should be an absolute rule that the entire work comes first and only then should the producers be allowed to show off their tremendous perceptiveness by editorialising upon the telling detail.

Next, while it is understandable that the producers did not want a presenter inserting his preferences between them and the viewer, that absence makes the provision of information by other means all the more vital, and while it is good to get away from the craze to cram writing, figures, and graphics onto the screen, it is ludicrous to leave the viewer ignorant about who he is watching.

Perhaps the producers share the modern left-wing belief not only that everybody is entitled to an opinion but that all opinions are equally valuable. They should realise, however, that just as most of us like to know whether it is a doctor or a greengrocer who is advising us on brain surgery, so we like to know who is put before us to pontificate about art. No doubt I shall be told there is a book to accompany the series but most viewers will not have a copy, so the programmes should stand on their own.

As to subject matter, that too has clearly been dictated by poltical thinking. Next Sunday's programme is called "Imagination" and it pushes the notion that "Every human being is an artist," thus neatly side-stepping such old and difficult questions as "What is artistic genius." We see a man lining an art gallery with large rolls of underfelt. We are told he intends to make "a positive statement about warmth and energy" and informed that "the temperature in the felt room rises."

Nobody points out that all this applies to a carpet shop, which will also be prettier. Nobody so much as mentions the absence of creativity, beauty and technical skill in this exhibit. Nobody points out, however gently, that if you lack the talent of a Turner or a Rodin but are good at nailing rolls of underfelt to the wall then it is highly likely that you will reject the concept of genius and argue that "every human being is an artist."

You would, after all, look pretty silly if you pretended that your ability to hang underfelt put you in the same category at Michelangelo. The fascinating and controversial areas of debate which are thrown so wide open by contemporary art are simply not occupied by this programme at all.

Similarly with last week's episode on "Value," there was a distinct lack—which was remarkable given the political tenor of the series—of artists rejecting the commercial exploitation of their work and instead of merely sneering at Charles and Doris Saatchi, actually refusing to sell to them. There are still enormous areas of disagreement over contemporary art. Each time there is an event such as the Tate's purchase of Carl André's bricks it becomes clear that plenty of people still believe the entire modern movement is a vast example of the emperor's clothes.

Television is an ideal place to bring the public to terms with such matters but *State Of The Art* begins from the shared assumptions of the art world where such things were long ago regarded as settled. The last three programmes, called Sexuality, Politics and Identity are not really concerned with the broad areas of debate that might seem to be implied but with the ideas of feminist, socialist and black groups operating within the shared assumptions of the modern art clique.

Never mind. I suspect that posterity will realise that in the late 20th century it was not "modern art" which did most to fulfil the functions previously served by Egyptian pictograms, Italian murals or Victorian narrative paintings, but television.

Artist Antony Gormley encased in plaster at the first stage of making a sculpture in "State Of The Art"

## Milk Wood Blues/Lyric Studio

**Martin Hoyle**

The limited space of the Hammersmith Lyric's Studio is crammed with Paul Dart's set whose dark wood panels and barriers can switch from court-room to London pub, taking in the streets of Soho and Fitzrovia enroute.

Guitar chords evoke the Beatles and, as Michael Bertenshaw's narrator continues, the "psychedelic spring of the honeyed nineteen-sixties" when London teemed with "mini-skirted Mary Quant-ed secretaries, sun-spangled." The tongue-in-cheek tribute to Dylan Thomas is deliberate. We are plunged into the suit brought by the poet's widow against Time Book Company for her share in the rights to the original manuscript of *Under Milk Wood*. The company had bought it in 1961 from the BBC producer Douglas Cleverdon for £2,000, but already it was valued at five times that amount. Cleverdon claimed that Thomas had given it to him as a gift.

The case hinged on the interpretation of the words, "If you find it, keep it," uttered by Thomas as he left for his last fatal trip to America. The MS had been mislaid in a London pub-crawl; and Brian Abbott's play hovers, dream-like, between the legal proceedings and that memorable binge 13 years before.

Like another Ulysses, Thomas and a fellow-Welshman explore a night town whose familiar landmarks (the Salisbury, the French pub, the Gargoyle Club) and real-life characters (the American musician Big Bill Broonzy and Gaston of the French, who is still happily with us) are endowed with an increasingly surreal, hallucinatory quality. Even the law case throws up moments of zany comedy. The play, developed in rehearsed readings at the nearby Riverside arts centre, chucks in old jokes, comic routines, mad characters that have the whiff of both anecdotage and apocrypha, and its own Thomas-like verse, at times deadly serious.

The piece has its moments but desperately needs pruning. Fact and fantasy require better blending. Is Thomas's fatuous female pursuer, cycling after him from Oxford, really the wife of A. J. P. Taylor? Did she really go off with Time magazine's gumshoe, set to tail Thomas through his alcoholic Odyssey and lapsing into Bogart's speeches from *Casablanca*.

Marian McLoughlin, as a variety of tarts, strippers, barmaids (and apparently donnish wives) shows considerable personality, but the evening is carried by Mr Bertenshaw and the Dylan Thomas of Allan Corduner. The latter's moving collapse, as he tries to recite his work in a Soho club, from self-doubt, disgust and premonition, makes one regret the determined jokiness of most of the play.

## Dance in Paris

**Freda Pitt**

The Paris Opéra Ballet's Christmas offering turned out to be an unseasonally austere one because of a series of programme changes. The bareness of the stage and the badly cut costumes were, however, more than offset by the richness of the choreographic invention, above all in the two Balanchine masterpieces, *Apollo* and *Violin Concerto*. For brilliant technique illuminated by an infectious joyousness, it would be difficult to surpass the last Russian folk-dance-based movement of the closing work, as danced by the Paris company led by Elisabeth Platel, with Jean-Yves Lormeau, Monique Loudières and Manuel Legris (alternating with almost equally scintillating Isabelle Guérin and Michaël Denard). Pierre Doukan was the excellent soloist in the Stravinsky concerto.

Another violin concerto, much darker in tone, was included in the programme: Alban Berg's, chosen by Jerome Robbins as the accompaniment to *In Memory of . . .*, here given its European première 18 months after the one by the New York City Ballet. Although suffused with considerable, if controlled, feeling, the work does not show Robbins at his best. This is particularly sad as he and Frederick Ashton (whose *Fille mal gardée* now seems to be indefinitely postponed) were the only choreographers referred to by Nureyev in his "statement of intent" before his first season as a director whose work had not entered the company's repertory since his arrival.

This ballet has been widely interpreted as a commemoration of Balanchine, who died in April, 1985. On the other hand, Robbins states that he already had it in mind to set the Berg concerto, which was written in memory of Manon Gropius, who died at the age of 18. While the Stravinsky concerto is in four movements, the Berg one (admirably played by Cyrus Stevens, Robert Irving conducting) is divided into two parts only. The first section is more gently elegiac, the second more strident and dramatic.

In both, Sylvie Guillem danced with complete technical mastery and impressive submission to the mood of the music and the choreography, which was restaged by Victor Castelli. Lormeau partnered Guillem sensitively in the first part, which ends with the young girl being borne aloft, and Jean Guizerix gave a magnificently forceful performance in the second part. Despite the admirable dancing and the sometimes striking groupings—especially in the second part—the work was eclipsed in recollection by the two Balanchine ballets.

In *Apollo*, Nureyev (now adding a short-sleeved singlet to his costume) still had magisterial moments, even if technically he is now outshone by Charles Jude, in superb form in this role. Fabienne Cerutti (with Nureyev) made an auspicious début as Terpsichore.

Nureyev and Jude appeared together in a knock-about trifle by David Parsons and Daniel Ezralow called *Two Brothers;* set to Stravinsky's Concertino for Twelve Instruments, it proved an unnecessary last-minute addition to the programme, though the two stars seemed to enjoy themselves.

At the Théâtre de la Ville, the puzzling enthusiasm for the return of Maguy Marin's rebarbative *Cendrillon* for the Lyon Opera Ballet, so thoroughly trounced by Clement Crisp from Edinburgh, makes one reflect despondently on differences in national taste.

As usual, the Opéra-Comique supplied a holiday-time diversion, with a sumptuous production of Offenbach's neglected *Robinson Crusoe*, played outrageously, but frequently endearingly, for laughs, as was to be expected from producer Robert Dhéry. John Burdekin conducted with his customary urbanity, and Michel Rayne kept his small group of dancers bounding energetically. The agility of the singers' voices varied, but Christian Papis stood out in the title role, and Cynthia Clarey and Eliane Lublin both gave delightful performances, as Friday and Suzanne respectively.

## Stravinsky double bill/Leeds

**Max Loppert**

Double bills of opera (other than *Cav* and *Pag*) are notorious for scaring audiences off—and when the bill is half opera and ballet, the scare is always said to be doubled. The current Opera North Stravinsky pairing of *Oedipus rex* and *Pulcinella* (by Ballet Rambert) is turning gloomy portents on their head, as is the way with this splendid company. On a cold Monday night the Leeds Grand was well filled and in happy mood; and for someone whose taste for these works is too seldom satisfied even in single doses, the double presentation was a tremendous boon—two related, contrasted panels in a diptych of Stravinskian music theatre. Would that companies down South followed the lead!

*Oedipus rex*, produced by Stefanos Lazaridis and Michael Hunt in Lazaridis' single set, was first shown in 1981 (and praised in these columns by Arthur Jacobs). It comes back with notable punch and point, certainly the most compelling stage version of the "opera oratorio" that I have yet encountered. A sentence quoted in the programme from the Stravinsky-Craft *Dialogues and a Diary* would seem to hold the clue to the production concept: "Cross-roads are not personal but geometrical, and the geometry of tragedy, the inevitable intersecting of lines, is what concerned me."

Lazaridis has followed this lead, and that of the description appended in the score to Theodore Stravinsky's drawing ("This decor presents the advantage of having no depth. It avoids the voices becoming lost. Everything takes place on one level"). He has invented a black maze, all exits blocked and tilted up to fill the proscenium; and he has filled the upper apertures with strange ritualised figures (the chorus, in bowler hats and black suits, move like mechanised factory figures out of *A nous la liberté* or *Metropolis*—films from the same era which likewise concern themselves with human fate reduced to a pre-determined pattern).

Oedipus, Joacasta, and the other principals hold the front portions of the diagram, weirdly masked and hieratically stationed; only the narrator (Robert O'Mahoney) assumes a "normal" guise. The use of light, of group movement, of colour is superbly severe, the meeting point between the immobility of oratorio and the drama of opera fixed with startling originality. This *Oedipus* should be borrowed for use in other opera theatres.

Musically, the performance was capable, and vigorous in its choral singing, but the attack was insufficiently decisive—the stinging thrust that David Lloyd-Jones and his orchestra brought to Berlioz's *Fall of Troy* last year could with profit have been redeployed. (A curious fault of balance prevented me from ever feeling the fateful tread of timpani, harp and piano.) Anthony Roden in the title role, John Tranter (Tiresias) and Anthony Michaels-Moore (Messenger) sang strongly but not always clearly; only Anne-Marie Owens (taking over from Della Jones) achieved the proper blend of firmness and cool expressive conviction that the lines demand (her Baba is eagerly awaited). It was a tribute to the production that such executive deficiences of power and force mattered as little as they did.

The new Ballet Rambert staging of *Pulcinella*, choreographed by Richard Alston, comes to Sadler's Wells next May, when Clement Crisp will review it fully. A few tentative notes, meanwhile, from an amateur dance-lover and long-time Rambert follower: the Howard Hodgkin backcloths and costumes, bursts of glowing Matisse-like colour, promise theatrical advantages that seemed to me not seized to the full by Mr Alston. He has slimmed down the original Massin plot to essentials, and rightly so; but these nice, clean-faced young folk playing gentle japes don't really catch the trenchant wit of Stravinsky's musical time-travelling. The amiable Classical cut of the dance-patterns lacks formal distinctness.

Perhaps this impression was increased by an air of physical untidiness in Monday's performance. Only Ben Craft in the title role had the line, mood and manner in total command. Mr Lloyd-Jones, with Messrs Owen, Tranter, and Mark Tucker as vocal soloists, led an easy-going account of the score. All that said, the experience was a warming one—and, in the wake of the monumentality of *Oedipus*, an unfamiliar theatrical pleasure.

Anthony Roden as Oedipus

## Jazz and gospel music in City church

Jazz and gospel music services continue in January at St Anne and St Agnes Church, Gresham Street, in the City of London, following successful beginnings for these innovative events last year.

Pauline Johnson sang at a gospel service last Sunday. The John Horler trio will lead jazz vespers at 7 pm on Sunday January 25. This trio will also give a lunchtime concert at St Anne's on Friday January 23 (1.10 pm).

## 'High Society' gala

There will be a gala performance of *High Society* in aid of Help the Hospices on February 23 at the Victoria Palace Theatre, London in the presence of the Princess of Wales.

Currently at the Haymarket Theatre, Leicester, the Cole Porter musical is directed by Richard Eyre with a cast including Trevor Eve, Natasha Richardson and Angela Richards.

Its London run opens at the Victoria Palace on February 24.



# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 16–22

## Theatre

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**I'm Not Rappaport** (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

**Big River** (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

**The Mystery of Edwin Drood** (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

### LONDON

**Les Liaisons Dangereuses** (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

**Misalliance** (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

**Woman in Mind** (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

### CHICAGO

**Pump Boys and Dinettes** (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

**Ghost on Fire** (Goodman): The latest play by Michael Weller, called the Chekhov of his generation for his intelligent sadness in plays like Moonchildren and Loose Ends, follows two college friends who try to rekindle their inspiration after making money in Hollywod. Les Waters directs Dawn Arnemann, Peter Aylward and Bill Cobbs. Ends Feb 14. (443 3800).

**My Werewolf** (Goodman Studio): Theatre X production written by John Schneider tells the werewolf legend as a 1940s horror movie, with all the exaggerations of romance, terror and eerie music, for the stage. Ends Feb 22. (443 3800).

### WASHINGTON

**Les Misérables** (Opera House): The American tour that will end up on Broadway early in the new year begins in Washington as a celebration of the British musical's leap beyond its American forebears. Ends Feb 14. (254 3770).

**Arsenic and Old Lace** (Eisenhower): Jean Stapleton stars in the old chestnut comedy about two proper ladies who put poor men out of their misery while their nephew buries the bodies thinking he is Teddy Roosevelt building the Panama Canal. Ends Feb 14. Kennedy Center (254 3670)

## Sponsorship/Antony Thorncroft

# Sainsbury's generosity

Sainsbury yesterday strengthened its position as one of the most generous corporate sponsors of the arts in the UK by announcing substantial benefactions to both the National Youth Theatre and the National Theatre Studio.

The National Youth Theatre, which has been surviving thanks to the generosity of actor Sean Connery since Texaco withdrew its sponsorship, will receive around £150,000 in 1987, while the National Theatre Studio gets nearer £50,000.

Along with its aid for the Sadler's Wells Royal Ballet, Kent Opera, the Polka Theatre in Wimbledon and the biennial Sainsbury Choir of the Year competition, the supermarket group invests approaching £500,000 annually on the arts.

Unlike some other sponsors Sainsbury sees its commitment as patronage rather than as hard-headed marketing publicity. It obviously generates goodwill, but it is mainly given in line with the company's charitable sentiments.

The National Youth Theatre, whose alumni includes Helen Mirren, Derek Jacobi and Simon Ward, will use the money to finance a canvas of 6,500 secondary schools, auditions in 11 centres, and a seven-week London season. The sponsorship will also enable the NYT to be more active in the provinces. In addition, the Sainsbury stores offer 300 prime sites for advertising purposes. It is unfortunate that the founder of the NYT, Michael Croft, died in November, but he was aware of Sainsbury's approach, which secures the future of his 30-year commitment to youth drama.

The National Theatre Studio was set up in 1985 under the direction of Peter Gill in an Old Vic annexe which has been leased rent free to the National Theatre by Ed Mirvish. It provides a theatrical workshop where performers, directors and writers can develop their skills, which lead eventually to regular "studio nights" at the Cottesloe Theatre. The idea is that the studio will provide the seed corn for large scale works by encouraging young talents.

In effect Sainsbury has secured the future of the NYT. For the National it is another example of its belated embracement of sponsorship to make good the shortfall in its funding by the Arts Council, which has frozen its grant for 1987-88. Recently it announced a sponsorship commitment from W. H. Smith to further its educational work. Taken with its good box office, and an economy drive, the National is now believed to be operating comfortably in the black.

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Wednesday January 21 1987

# No room for complacency

IN PLACE OF the currency crises which have scarred previous Januaries, the Thatcher Government this year is reaping the benefit of a run of encouraging economic statistics. Unemployment has fallen for five consecutive months and independent forecasters are already suggesting the headline total could dip below 3m in time for an autumn election. Manufacturing output, for so long in the doldrums, has risen sharply in recent months and the latest surprisingly good productivity figures have prompted Lord Young, Employment Secretary, to point out that unit labour costs are rising less fast in the UK than in competitor countries.

The good news extends beyond output and employment. The pound has been largely unaffected by the recent turmoil on exchange markets partly because of the firming of oil prices since the autumn. Oil at $18-$19, rather than $15, a barrel must have brought some slight relief to the North Sea energy sector quite apart from its positive impact on the public purse and the balance of payments. Other revenues have also been extremely buoyant, causing a substantial undershoot of public sector borrowing. Events have combined to put the Chancellor in a strong position: it looks as though he will be able to announce both sizeable tax cuts and a tighter PSBR target on Budget Day in March.

Given the gloom and doom of recent years, it would be only too easy to get carried away by this comparatively encouraging economic news. The rate of decline of unemployment in recent months can be put in perspective by remembering that it would have to persist for seven straight years to bring the total back to the level of 1.3m inherited from Labour in 1979. Likewise the rise in manufacturing output looks less impressive when it is recalled that production is still barely back to levels enjoyed before the 1980-81 slump; in the intervening period other countries have experienced real expansion.

### *Relative decline*

Nor has Britain enjoyed much in the way of a productivity breakthrough. At first, the rise in productivity partly reflected the elimination of large chunks of the UK's least efficient industry: a cricket team's batting average is inevitably improved if the tailend batsmen are discarded. More recently, the remaining batsmen have been making more runs. But so have their counterparts in competitor countries; as a result the UK's relative position does not appear to be improving and could be deteriorating. The National Institute pointed out in November that Italian manufacturing productivity was considerably higher than Britain's and that if GDP growth rates of the past decade were extended forward, Italy would soon become the richer nation.

Worries about Britain's relative decline are compounded by worries about the sustainability of the present upturn. It may well owe something to a revival of entrepreneurship, but how much? Mr Lawson's critics claim he has done little more than engineer an artificial pre-election boom: a short run decline in unemployment has been bought at the expense of deteriorating inflation expectations and another burst of public sector growth. The abandonment of the earlier commitment to hold public spending constant in real terms in particular is seen as a triumph of political expediency over political principles.

### *Credit explosion*

It is certainly hard to refute the suggestion that the Chancellor's policies have an air of short-termism. The loosening of public sector spending controls has been accompanied by a credit explosion and a quite dramatic devaluation of sterling, which certainly could not have been negotiated from within the EMS — in the past 18-months, the pound has fallen by almost 30 per cent against the D-mark and yen and by over 20 per cent even against the Italian lira. There is certainly a risk that the boost to competitiveness could be dissipated in higher wages and higher inflation.

On the other hand, economic policies designed to provide short run benefits are not necessarily injurious in the longer-term. The UK had its full share of austerity in the early Thatcher years and it is far from clear that the prolongation of this medicine would have done more to improve the industrial climate than the recent loosening of fiscal and monetary policy. It is up to individual businesses to make the most of the opportunities for expansion which have been created.

# Jumbo wedding in Vienna

THE GRAND coalition of Austria's two biggest parties, the Socialists and the conservative People's Party, is entering into office today with an impressive list of good resolutions. If they are kept, well and good; if not, the partners in this Jumbo Wedding, as wags have dubbed it, will be rendering a bad service to their country, to Austrian democracy and, not least, themselves.

The policy aims upon which they have agreed bear witness to an intention to apply what, by Austrian standards, will be radical measures to the economic problems that have bedevilled the country since the 1970s.

### *Budget deficit*

Dr Franz Vranitzky, the Socialist Chancellor, and his new deputy, Dr Alois Mock, leader of the People's Party, have agreed to seek economies calculated to reduce the central budget deficit from 5.4 per cent of GDP to 2.5 per cent by 1992. They have agreed to reduce top levels of taxation as an encouragement to enterprise and to pursue partial privatisation and rationalisation as a means to nurse back to health the widespread state-owned industrial holdings.

They have undertaken to work for a more market-oriented farm policy and for hemming in subsidies to an over-generous old age pension system and to the railways.

No less important, the Grand Coalition will have to think hard about Austria's relationship with the European Economic Community. At present a trade agreement provides for tariff-free mutual trade in industrial goods. Anticipating the day when all barriers to trade within the Community will have fallen, influential Austrians are thinking about quasi membership and even of full membership in the EEC. Quasi membership of a sort already exists in the European Monetary System since the Austrian schilling is managed to retain a stable exchange rate with the D-Mark and did follow the latest D-Mark revaluation.

The Grand Coalition amounts to an alliance between the People's Party leadership and Dr Vranitzky, an ex-banker and pragmatist. Cross currents are running in both parties, so that its stability is not guaranteed.

Restiveness in the two coalition parties and among the electorate could grow quickly if the coalition is not seen to be living up to its undertaking to tackle industrial and budgetary emergencies. Austria had a similar coalition from 1947 to 1966 which did sterling work during post-war reconstruction but eventually degenerated into a machine for sharing out jobs between "reds" and "blacks." The danger of that recurring cannot be dismissed. Nor can the danger that the coalition will hide behind its impregnable parliamentary majority to avoid the very measures that majority is supposed to make possible.

That is not to say that the Grand Coalition could jettison the consensual tradition which has determined most of Austrian political and industrial life since the war. The logic underlying the pact is to tackle the problems by consensual not confrontational means. Enough good will for doing so exists on both sides of industry. But policy makers will have to prevent acceptable consensus from degenerating into soggy compromise or inaction.

### *Protest parties*

Failings of that nature would only play into the hands of the environmentalist Greens and of the Freedom Party, especially the latter. In their role of protest parties both did better than ever before on November 23, though the two big parties did hold on to 84 per cent of the electorate. The Freedom Party, under the leadership of Mr Joerg Haider, an eloquent populist, managed to scoop up a great deal of support from workers threatened with redundancies, from nationalists, and from those who feared the wheeling and dealing in a Grand Coalition.

Since the electorate knew that the two big parties were likely to join in the Jumbo Wedding, its consummation cannot be described as a denial of democracy. But the democratic process could be brought into disrepute and the protest parties could advance dramatically if the Grand Coalition were not to live up to its task. Its purpose should be to make enough progress with Austria's problems to make itself unnecessary.

AUSTRALIA'S MEDIA BATTLES

# The barons go from strength to strength

By Chris Sherwell in Sydney

LATE LAST November, when Australia's Labor Government finally agreed on a long-awaited change in media ownership rules, many people forcast it would precipitate a substantial shake-up of the country's highly sophisticated and enormously influential print and broadcast empires.

A mere two months later, their predictions have been proved correct. However, no one foresaw the scale or the speed of the upheaval, nor the fabulous sums of money which would be involed. What is more, the process does not yet seem to be complete.

Already, two deals involving Australia's most important business rivals and the country's largest media giants have fundamentally altered the structure and ownership of one of the economy's most lucrative service industries.

In spite of alterations in the rules of media ownership aimed at reducing regulation and encouraging diversity, the effect has been a major consolidation in the industry, although a final picture has yet to emerge as further sales of media assets can be expected. Yet, intriguingly, the response from politicians—even those who in the past have expressed concern over the concentration of ownership in the sector—has been muted, underlining how powerful the media have become.

The first such deal, concluded last week, was the result of a classic six-week takeover battle between Mr Rupert Murdoch, the head of News Corporation, which was already the largest media empire, and Mr Robert Holmes à Court, the Perth-based entrepreneur.

Mr Murdoch emerged with control of both the Melbourne-based Herald and Weekly Times (HWT), the second-largest group and the Brisbane-based Queensland Press, in a transaction which valued the two at A$3.35bn (£1.43bn).

At a stroke, the number of big newspaper empires was slashed from four to two, and Mr Murdoch gained control of about two-thirds of Australia's total newspaper circulation. Added to his interests in Britain, the US, Hong Kong and elsewhere, the deal has made him a media magnate of truly global influence, a unique phenomenon in the industry.

The second deal, announced to a stunned market yesterday, involved the sale by Mr Kerry Packer of the two most successful television stations in the land, Channel Nine in Sydney and Melbourne, along with a brace of other electronic media interests, for A$1.1bn.

The buyer was the mercurial Mr Alan Bond, another Perth-based entrepreneur whose interests cover brewing and natural resources. As he already owns television stations in his home town and in Brisbane, he can now lay claim to the first nationwide commercial network in the country.

The HWT deal was scarcely a defeat for Mr Holmes à Court, however. Previously a second-line media owner, he emerged with an agreement to buy the HWT's newspapers in Perth and its Melbourne television station. Some further shuffling of assets on the newspaper side seems certain.

Only the family-controlled Fairfax Group, the third largest newspaper empire and publisher of the prestigious Sydney Morning Herald and Melbourne Age, ended up in the cold becuse of its own failed bid for Queensland Press. However, it is now sitting on two television stations in Sydney and Brisbane of enormous value. Though expansion at home may be difficult, it now knows it has the fuel.

The sums of money involved in the transactions already made have caused businessmen, bankers and investors to reassess completely the commercial value of media assets in Australia.

Mr Murdoch's bids for HWT and Queensland Press, for example, eventually valued the companies at a very high 60 to 70 times earnings. Quick calculations suggest that Mr Bond is buying Mr Packer's interests for a price which values them at closer to 80 or even 100 times earnings.

But if the announcement of that deal was breathtaking, the takeover of HWT will go down as historic. No such massive group of newspaper assets is ever likely to become available again in this highly concentrated industry.

Together, the two deals represent opportunities of a lifetime in a sector no ambitious Australian businessman could afford to ignore. The outcomes have conceivably determined the basic framework of the industry for the next generation.

Whether the average Australian's daily diet of news and entertainment from the print and broadcast media will change much is another matter.

Patterns of readership and newspaper styles are, on the whole, deeply entrenched. The quality end of the newspaper market, dominated by the Fairfax's Group's somewhat parochial titles, the same group's specialist Australian Finacial Review, and Mr Murdoch's Australian, is little affected by the latest changes.

At the popular end, where the battle is focussed, Mr Murdoch may be able to revitalise HWT's afternoon broadsheet, The Melbourne Herald, which has been losing circulation in spite of the fact that it has no competition.

Generally speaking, Australian newspapers match any in the world in terms of technical production. But the quality press falls short of its up-market counterparts in Europe while its downmarket papers rarely plumb the low standards of taste seen in the British popular press.

Commercial radio and television in Australia, on the other hand, while mass-oriented are far more highly developed than in Britain.

Unlike newspapers or magazines, however, radio stations and television channels need licences, and no new metropolitan commercial stations seem likely in the foreseeable future.

This scarcity is one crucial reason for the upward valuation of television companies. Mr Packer, in spite of running the most successful of Australia's stations, appears to be leaving the business because he has been made an offer he cannot refuse.

Another reason for the deal is the economies of scale available in networking. With four stations, Mr Bond can limit his costs and boost revenues. He can also call on the resources of a film library retained from his sale of the Screen Entertainment division of Thorn-EMI to Cannon Films of the US.

Mr Holmes à Court, with three stations, may try to pick up another television station or reach an accommodation with Fairfax to do the same. He can supply programmes from his Associated Communications interest in the UK.

In radio, new FM and AM licences are to be issued in country areas, just as there are to be country television licences. The real rewards, however, to be found in the cities. Recently two top stations in Sydney and Melbourne changed hands for no less than A$85m.

Run more on US than British lines, Australian radio is already so segmented that station owners and advertising agencies can package programmes and advertisements which are clearly directed at specific age groups, produce strong cash flows and occasionally make a handy profit.

Not everyone succeeds, however. The picture in television, too, is less than enticing. Costs have risen, both for staff and for programmes, while advertising rates have not kept pace with inflation.

Whichever way the industry evolves, no one doubts that the trigger for the fundamental changes emerging was the Government's decision at the end of November to alter the rules of media ownership.

Among other things the new rules, which are not yet legislated but deemed to be operative, removed the two-station ceilings on television ownership. Without this critical change, News Corporation might not have launched the HWT bid and Mr Bond would not have approached Mr Packer.

Since it was launched, Mr Murdoch's recent bid and the sharply increased concentration of ownership which it promised have aroused a mixed public response.

Editorials in Fairfax newspapers have complained loudly, but perhaps predictably—the Fairfax Group has long feared competition from Mr Murdoch, and even helped HWT defend itself from him back in 1979.

HWT newspapers were less vocal. This, it has been cynically suggested, was in part because HWT journalists saw the shares they bought on company loans under a participation scheme rocket in value.

The response from politicians has been decidedly muted. Only one Labor Cabinet member, Mr Bill Hayden, the Foreign Minister, has voiced concern, and he was over-ruled. Yet in the past, the Labor Party has openly expressed its worries about concentration of ownership in the media.

One view is that Labor's current hands-off attitude simply reflects its disdain for the HWT group, which only backed the party for the first time in 1984. Mr Bob Hawke, the Prime Minister, has hinted at this while adhering to his line that the market should be allowed to take its own course.

The picture is similar on the Opposition side. Mr John Howard, the leader of the Liberal Party, broke his holiday to carpet a shadow minister who had voiced doubts about the Murdoch takeover.

To some, all this is a measure of just how important it is electorally for political parties to have the support of media groups such as Mr Murdoch's or Fairfax. No politician, it is argued, can afford to criticise Mr Murdoch with a general election due by April 1988.

Commercially, the overall effect of the Government's regulatory changes will probably be to segment Australia's media sector into highly specialised areas — print, television and radio.

So Mr Murdoch, who initially was thought to be interested more in television, is widely expected to concentrate on newspapers in Australia, and according to some may eventually give up his Channel Ten stations.

The Australian-born magnate faces a legal problem in relation to these stations because existing rules prevent foreigners — Mr Murdoch is a US citizen — holding more than 15 per cent of broadcasting stations.

The Australian Broadcasting Tribunal has yet to rule on the validity of the stations' complicated shareholding structure, which involves family companies and leaves Mr Murdoch with his financial interest intact but his voting rights very diluted.

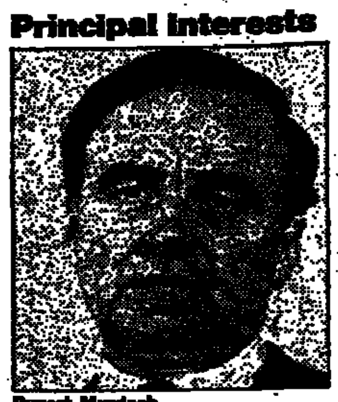
As for Mr Holmes à Court, where he goes from here depends largely on how the rules and legislation are applied to him. The trade Practices Commission, the anti-trust agency, is currently studying his effective newspaper monopoly in Perth, just as it did Mr Murdoch's prospective one in Brisbane before the HWT deal.

On the face of it, he can choose to concentrate either on newspapers or on television but most expect him to opt for television. There, he will compete directly with Mr Bond, who is plainly on the same course.

Meanwhile, the market is still trying to catch its breath. Perhaps the best judgment of Australia's media shake-up is that it is not comprehensible unless a 10-year view is taken of the industry. At a time when many Australian businessmen are pessimistic about prospects, the media barons have clearly staked their faith on the future.

**No politician can afford to criticise Mr Murdoch with a general election due by next year**

WHO OWNS WHAT
Principal interests



Rupert Murdoch

- The Australian (national)
- Daily Telegraph (Sydney)
- Daily Mirror (Sydney)
- The Herald (Melbourne)
- The Sun (Melbourne)
- The Advertiser (Adelaide)
- The News (Adelaide)
- Courier/Mail (Brisbane)
- Channel 10 (Sydney)
- Channel 10 (Melbourne)

James Fairfax

- Melbourne Age
- Sydney Morning Herald
- Australian Financial Review (national)
- Channel 7 (Sydney)
- Channel 7 (Brisbane)

Robert Holmes à Court

- The West Australian (Perth)
- Western Mail (Perth)
- Daily News (Perth)
- Channel 7 (Perth)
- Channel 10 (Adelaide)
- Channel 7 (Melbourne)

Kerry Packer

- Australian Business
- The Business

Alan Bond

- Channel 9 (Sydney; Melbourne, Brisbane; Perth)

## Men and Matters

### Cross-border exchanges

The Comedie Francaise could hardly have staged a better farce than the recent Franco-Belgian saga over the appointment of chairmen to large industrial groups in both countries. Paris and Brussels have been at loggerheads ever since the French government decided to ask Raymond Levy, former head of the French Usinor steel group who had been running the Belgian Cockerill-Sambre steel company, to become chairman of Renault last month.

The Belgians finally agreed to release Levy from his commitments at Cockerill-Sambre, but not without rancour. Now, to ensure a happy ending and restore good relations between the two countries, France has agreed to the nomination of Jean Gandois as chairman of Cockerill-Sambre.

Gandois, one of the top trouble-shooters in French industry, had headed the Rhone Poulenc chemicals group before becoming special adviser on steel to the Belgian government. He then returned to France last year to head the nationalised Pechiney group which has had four chairmen in the past five years.


"I didn't join the DTI just to spend days trying to make a Toucan talk"

Gandois will continue as chairman and chief executive of Pechiney, devoting most of his time to the French group, though supervising strategic decisions and European negotiations at Cockerill-Sambre.

At one stage, Gandois had been strongly tipped for the Renault job. He is a man of intense energy for whom no job appears too big, and he clearly feels comfortable about having one foot in Paris and the other in Belgium.

### No seagulls

Coopers and Lybrand, the accountancy and management consultancy, has gone outside its own massive array of talent (37,000 staff worldwide) to back a tiny, new firm of strategic management consultants.

C and L is taking a 30 per cent stake in Outram, Cullinan and company, which has been set up in London by two former senior men from Booz, Allen and Hamilton.

Christopher Outram, aged 37, and Geoffrey Cullinan, aged 36, secured C and L's backing after they decided to go it alone with a business offering high-level strategic advice.

Peter Allen, managing partner of C and L, sees the new business as being used to bridge the gap between "classical" strategy consulting, and the implementation of strategy, which C and L, with its considerable fire-power internationally is adept at handling.

Outram, Cullinan is to be allowed to ride "piggyback" on C and L's office resources at home and abroad.

Apparantely it is now essential in strategy consulting to think beyond the "cooky cutter" approach—which means applying a standard set of techniques to a problem.

Of course, there is always the alternative "seagull" approach. That simply means circling over a client's head and dropping a strategy upon him from on high.

### Call off

Among the casualties of the cold (now decreasing) and/or the industrial action by British Telecom engineers (increasing, according to their union) has been the London headquarters of the TUC.

Harassed switchboard operators at Congress House yesterday were not blaming the weather, but were telling callers — external calls could get through — that they could not be connected with people in the building because all the internal phone lines were out of order.

The previous day, the switchboard had been able to put calls through. But TUC officials could not make calls from the building.

The TUC could not comment yesterday on whether all this inconvenience was due to the action of the BT engineers — no press calls could be put through to put the question.

### Salt-free diet

Spreading salt on snow-covered and icy streets has been forbidden in West Berlin for environmental reasons — thus turning the city into a giant skating rink in the most severe winter weather in memory.

An alarming increase in broken bones and crushed car wings has not so far been enough to persuade the city fathers from rescinding their ban.

The conservative Christian Democrat city government ordered the ban to protect trees and shrubs from the lethal effects of salt. City trucks now spray an innocuous granulated substance, which has the effect of leaving ice and snow virtually untouched.

Usually impatient Berlin motorists have taken to driving remarkably slowly. But that has not stopped the number of accident insurance claims from rocketing. More serious: pedestrians are falling like flies, and hospitals are filled with casualties in the skating rink city.

East Berlin, which puts efficiency before environment, is merrily continuing to salt its streets.

But the West Berlin city government, is showing no sign of giving in to complaints from its citizens. Worried by the inroads made by the Green party in recent years, the city politicians are increasingly adpoting environmental issues. They take the anti-salt lobby very seriously.

Although property owners are still legally responsible for keeping their stretches of pavement clear the authorities are turning a blind eye. Layers of snow and black ice are building up, even in the fashionable boulevard Kurfuerstendamm.

Meanwhile, the West German salt industry is sending thousands of letters to West Berlin households and businesses protesting against the curbs on the use of its product.

### Whisper it

Genteel Edinburg has never quite known how to respond to cheery "Glasgow's miles better" campaign being run by its brash rival for the accolade of being Scotland's top city.

But a slogan seenon a car in Charlotte Square makes up in style whatever it lacks in punch: "Edinburgh's slightly superior."

**Observer**

BRAZIL

At loggerheads: Finance Minister Dilson Funaro (left) and Planning Minister Joao Sayad. Caught in the middle is President Jose Sarney

# Mr Sarney's sweet pill turns sour

By Ivo Dawnay in Rio de Janeiro

THE BRAZILIAN Government is in a state of shock. While laws of the market place are bringing the economy down to earth with a bump, many politicians continue to float on a cushion of wishful thinking and rhetoric.

Just 11 months after its anti-inflationary, price-freezing Cruzado plan was greeted with universal euphoria, the economy appears to have gone through a time warp—back to its fragile condition of a year ago.

As in January 1986 monthly inflation is set to exceed double digits. Unions are again growling over pay and public criticism of the Government, for weakness and incompetence, is ubiquitous. Many analysts are arguing that the situation is substantially worse than before the shock treatment.

Foreign exchange reserves, last year more than $6bn, are believed to be less than $4bn. The balance of trade—crucial to meeting foreign debt commitments—as dropped from a monthly surplus of about $1bn to an *estimated $105m in* December.

But behind the sense of deja-vu lies a more fundamental cause for unease — the realisation that Brazil's root problem is not economic but political.

How has the Cruzado triumph of last February been turned so rapidly into a disaster? The answer lies in *inherent* weaknesses and, more acutely, in its execution.

The original plan, as submitted by government economists, contained no price freeze. However, politicians added a price freeze, alongside such other hostages to fortune as a pay-rise trigger allowing full indexation of wages once infla*tion hit 20 per cent.*

Soon after its presentation, Mr Dilson Funaro, the Finance *Minister, announced* that a "defreeze" would begin in May. But when President Jose Sarney and his ministerial colleagues looked at their soaring popularity ratings, they noted that it was the price freeze and an across the board salary rise that had won *over* the public.

The decision to maintain the freeze, in defiance of economic advice, was aimed at securing the maximum political advantage in the November congressional elections. But its inevitable side effect was to build up unprecedented inflationary pressure

With the *Government's main* coalition party, the Brazilian Democratic Movement (PMDB), holding a majority in the Federal Congress and all but one of the state governorships, the task of the administration is to dismantle a price freeze which *formed the main plat*form for most candidates' success.

As virtually the only un*elected politician in the country* (he inherited the presidency from the nominated position of *Vice-President on the untimely* death of President-elect Tancredo Neves), Mr Sarney wishes to work *through consensus.* But the power-base that the PMDB's victory was supposed to give him has disappeared.

Furthermore, the problem with the PMDB is that it is not so much a party as a popular movement that unites political groups as diverse as neo-Marxists and hard-line conservatives under the banner of a *democratic opposition to the* military regime.

The end of 21 years' military rule in 1985 should have presaged the party's break-up into more rational left and right alliances. But the promise of electoral victory and ministerial office has kept widely divergent factions clinging to the PMDB bandwagon.

The *President is a case* in point. A late convert from the right-wing junior coalition partner, the Liberal Front, he has sought to build his influence in the PMDB by adopting a populist approach that sits uncomfortably with his establish*ment origins.*

The right-wing parties — successors of the military party, Arena — are also disunited, *divided* by personality and strategy conflicts. These have left the Liberal Front in Government, and the Democratic Social Party (PDS), from which they split, a lone voice in the wilderness.

Mr Roberto Campos, PDS Senator admits that while perhaps 25 per cent of Congress would favour a return to more free market policies, a united opposition is impossible. It does not inhibit him, however, from *launching scathing attacks* on the PMDB which he describes as a natural opposition party, "totally incapable of governing as it has never before had the responsibility of power."

Evidence of this emerged last week at a meeting of 21 *governors-elect of the PMDB* with the economic ministers, called by President Sarney in an attempt to force the party leadership to share responsibility for the difficult, austere steps ahead.

The outcome was near farce. *As each minister reviewed the* situation and its possible resolution, it rapidly emerged that they all had widely varying prescriptions. Mr Funaro and planning minister Mr Joao Sayad — whose names until November had been indivisible — were most at loggerheads.

While the Finance Minister sought a three-month general price realignment followed by a new freeze, Mr Sayad argued that this would have explosive inflationary effects. Instead, he advocated a gradual, partial defreeze aimed at minimising the impact on inflation — a view that appears to be gaining ground.

*Both agreed however,* that the automatic wage rise trigger had to go. But Mr Almir Pazzianotto, Labour Minister, said there was "not the slightest possibility" that a wage-restricting social pact could be agreed with the unions.

*Faced with this baffling display* of disunity, the governors reacted to opposition-type. After a formal pledge of support to the president, they issued a statement demanding the maintenance of low inflation, economic growth and an accelerated redistribution of wealth, ending with a reaffirmation of their "historic commitment *to the struggle of the* people."

For President Sarney, the choices are limited and time is short. In March, the newly-elected congress will sit as a constituent asembly, required to devise a constitution that will define not only the form of government — presidential or parliamentary — but also the length of his term of office. *The danger of Brazil is that* these objectives will be eroded by continuing indecision.

Without a managed defreeze, senior industrialists have warned that "*civil disobedience*" to the price laws will become universal. Despite an increase *in real earnings of* 22 per cent in 1986, workers may soon find themselves worse off than a year ago—sparking widespread industrial unrest.

The economists' prescriptions are clear, if orthodox. A tight squeeze on the public sector deficit, still about 4 per cent of gross domestic product, is one. *A reduction of state interventionism* through such costly instruments as the $1.25bn yearly wheat subsidy is another. Tougher fiscal policy and wage restraint are a third and fourth.

But all agree that what is needed are measures to encour*age the expansion and growth* of private investment, at home and from abroad.

Most worryingly, such a programme is anathema to large sections of the PMDB. Centralism and political and economic patronage is a condition of life in Latin America. And rampant xenophobia, the political glue that unites both militarist Right and *nationalist Left,* is likely to be heavily represented in the new Congress.

*Already, respectable voices* in the party have called for an *extension of the country's market protection policies to exclude* foreign companies, and at least a partial moratorium on the overseas debt—hardly an incentive to inward investment. Both have been ruled out by President Sarney.

Instead, the Government looks set to attempt to trade off controls on essential prices in return for limits on wages rises, and *restrictions on business* profits in return for cuts in public expenditure.

The outlook *is not all gloom.* Federal revenues will greatly increase in February when new *tax legislation feeds* through into the system. It is predicted that this will dampen demand and lead, with an expected bumper harvest, to a recovery in the balance of trade.

A successful outcome to the difficult foreign debt negotiations, giving reduced interest payments and spreads, could cut capital outflows by as much as $38bn a year, about 8 per cent of the Government's 1987 budget.

What is most lacking is sufficient unity and political cour*age in the PMDB to admit to* the lectorate that the return of democracy is no guarantee of Utopian economic conditions, that it is now formally a party of government and that national unity means national belt-tightening.

Unemployment

# Lessons to be learnt from Japan

By Takatoshi Ito and Martin L. Weitzman

JAPAN *possesses an outstanding* employment record. Even after correcting for inevitable international differences in reporting methods, Japanese unemployment rates are regularly the lowest among leading capitalist countries.

This is all the more remarkable considering that the Japanese have suffered as much as any other nation, and probably more so, from the effects of *economic shocks beyond their* control, including the two oil crises of the 1970s and the present recession caused by rapid appreciation of the yen. While debilitated European economies have allowed serious long-term unemployment to develop, remaining mired in double-digit rates that would have been considered astronomi*cal little more than a decade* ago (and the US has had to settle *for* no better than around 7 per cent), Japan's unemployment rate has never exceeded 3 per cent.

How do the Japanese keep unemployment so low? And are there *lessons for* other countries?

It is instructive to examine *how Japan is coping with its* latest economic crisis. During the past year, the yen has soared more than 40 per cent above the trade-weighted value of the currencies of Japan's main partners. That represents a catastrophe for Japan's vaunted export industries, including such pillars of national pride as steel, electronics and *automobiles. It is as if their* products were subjected to a 40 per cent export tariff.

In any other country that would be a recipe for mass lay-offs, with a wicked snowball effect on the rest of the economy as the redundant *workers' loss of purchasing* power feeds into further lay-offs.

A key ingredient in the Japanese success story is that they seem able to contain the unemployment damage when it first threatens, before it explodes and becomes entrenched. The European experience shows how much more difficult it is to eradicate unemployment *after it* settles in. Japan has the will, backed by an appropriate microeconomic structure, to deal vigorously, pragmatically and *almost* automatically with the unemployment problem at company level, right from the beginning. An ounce of microeconomic prevention is worth a pound of macroeconomic cure.

Japan's first line of defence against lay-offs is the world's most flexible labour payment system. A quarter of an average Japanese worker's total pay comes in the form of a semi-annual bonus with strong profit-*sharing overtones.* Studies show that bonus payments are significantly correlated with profits. The bonus represents an automatic shock-absorbing cushion that helps to save jobs during times of economic stress.

This year's reaction has been *notable. For the first time since* the 1950s, bonuses have been cut from the previous year's *level* by all major vehicle makers. The total of summer and winter bonuses at Nissan, for example, is down by 2.6 per cent on last year and further reductions are likely.

Manufacturing has endured the only absolute decline of *bonus payments in the post-war* period. The ability of Japanese companies to cut labour costs *rapidly comes across* clearly during times of stress. This job-saving potential is the envy of policy-makers throughout the "Eurosclerotic" countries, whose unresponsive pay systems have proved their undoing in the face of contractionary shocks leaving a residue of enduring European unemployment.

"This *constitutes* the Archilles's heel of the British economy," says Mr Nigel Lawson, Chancellor of the UK Exchequer, about their notoriously unresponsive pay system. He adds something which is obvious to the Japanese and *should be obvious to everyone,* but unfortunately isn't: "If the one element of flexibility is in *the numbers of people* employed, then redundancies are inevitably more likely to occur."

If the bonus system, along with base wage moderation, facilitates a Japanese company's retaining of workers when times *are bad, what does the company* do with the extra workers when there is weak demand for its products? Herein lies Japan's second, and complementary, line *of defence—a strong acceptance* of intra-firm work mobility based on the principle of flexible job assignments. Instead of being laid-off, car production workers are shifted to the sales arm of the company, or to a dealership to help clear inventories, or to repair jobs within the plant.

Although about 40 per cent of factories in Japan are reportedly planning "labour force *adjustments." this is not* merely an euphemism for lays-offs, as it would be in most other countries. Japanese adjustments mainly take the form of a reduction in bonuses and overtime, encouragement of early retirement and shifting of workers to alternative tasks.

Companies feel obliged to find jobs for redundant workers, if not within the firm then among subsidiaries and affiliated companies. Hitachi Shipbuilding has made arrangements for transfers to other Hitachi-group companies. Nippon has moved some of its steel workers into brand new joint ventures ranging from data processing to mushroom growing.

Although workers sometimes have to accept a different job, perhaps after considerable retraining—and the process entails some implicit retention of transitional workers, making the unemployment rate look better than it is by a percentage point or two—all this is generally viewed as *a welcome* trade-off during a time of economy-wide contraction.

Indeed the lifetime employment system is contingent upon a discretionary right by the firm to alter job assignments, as well as a high degree of pay flexibility. Some lay-offs do occur, but only as a last resort and principally among tempor*ary workers not covered by the* lifetime employment commitment. Even during hard times, the total loss is sufficiently limited to keep the national unemployment rate below 3 per cent.

The lesson is that the battle for full employment can be won. But success will require a more flexible labour payment system and a *less* rigid attitude towards work rules than exists in most Western countries.

*The authors are visiting Professors of Economics at Harvard University.*

# Letters to the Editor

## No fun for insiders

*From Dr L. Furtmüller*

Sir,—The naive laissez-faire fundamentalists of the Government cling to the dogma that if every individual pursues his own advantage regardless of the rest, the result will be a *flourishing economy.* Taken literally this doctrine is a recipe for human misery. Even the founding fathers of the West German "economic miracle" realised the need to impose some restraints on the free-for-all when they invented the "*social market economy.*"

Presented with an attractive offer, the private shareholder may well find it to his advantage to sell his shares and turn to potentially greener pastures. Nor should such a decision be condemned as immoral. As a responsible citizen the investor may have important commitments (children's education, provision for old age, etc.); so, he is not selfish in maximising his assets—in any case his choice is irrelevant to the outcome. But the institutions holding the vast majority of the shares will be faced with the same dilemma. Though they ought to know better, they will be sorely tempted to increase their assets "in the interest of their clients" by moving from one short-term coup to the next. Surely, it *should be possible* with a fraction of the ingenuity spent on tax avoidance and whizz-kiddery to find a way of forestalling such undesirable results.

This takeover conundrum forms part of a wider problem: how to convert the City from a speculators' playground into an institution serving the British economy, and British manufacturing industry in particular? *Common sense suggests* that a step in that direction could be taken by a drastic revision of CGT.

There is nothing immoral in buying shares today and selling them at a profit within the account or a month later. I do it when I can. But this system is bad for the national economy: it foments exaggerated fluctuations in share prices detrimental to the companies affected and it creates a *casino* atmosphere that is exciting and lucrative for market makers and tip sheets, but is harmful to industry. This could be counteracted by penalising short-term speculative gains. Let CGT be set at, say, 90 per cent for gains within the account, 80 per cent for up to a month, 60 per cent for up to a year and 29 per cent thereafter. Let furthermore capital appreciation of *10 per cent or* more achieved within 48 hours (or two dealing days) of purchase be taxed at 95 per cent whether or not the assets in question *have been disposed of.*

If this were done, the scene would be dramatically transformed. The fun would be *taken out of insider trading,* and investors, instead of imitating the whizzkids and "playing the market" would be encouraged to do what their name implies to invest and take an interest in "their" companies. Such an arrangement, to be *sure,* would deliver a short sharp shock to numbers of influential people; it will (I'll be told) spell the end of the City-as-we-know-it (or anyway as-we-knew-it). In fact, that end has come already, now that the reasonably effective unwritten code of gentlemanly deportment is but a nostalgic memory. Let the City be helped to become *an institution of a truly social* market economy — capitalism with a human face.

(Dr) L. E. Furtmüller,
*61, Kidmore End Road,*
*Emmer Green,*
*Reading, Berks.*

## A phoney war

*From Mr P. Holroyd*

Sir,—I am indeed sorry to see the phoney war between reduc*tionism and holism being raised* again by the industrialist, Sir Owen Green (January 12).

The situation is simple. No organisation that ignores either the reductionist or holistic aspect of its business can survive for very long. It is not a question *of* one or the other, but how effectively the two aspects are merged together and managed. This is not helped by such dubious claims, that systems analysis is an holistic activity. It is not. It is a heavily disguised reductionist approach to business.

My involvement with Pilking*ton suggested to me that it is* a company very well aware of, and quite able to handle, the complex issues of managing a technical organisation in an era of considerable change. Many examples can be offered in support of this, but without going into the meaning of reductionism and holism, let one example suffice. As long ago as 1970, Mr (now Sir) Alastair Pilkington, FRS, Pilkington's technical director, set up a system of handling technical working-groups on the holistic principle, that all aspects of the business must be involved in *technical issues.* So production, personnel, finance, marketing, planning people and others were formally brought together to *work on the technical future.* As far as I know, that spirit survives at Pilkington. This approach was organised on the basis of behavioural studies by Professor Morris of the Manchester Business School and these in turn being based on *the effect of holistic characteristics* of living organisms.

We really must get away from the characterisation of activities as being "good, if this . . ." or "bad, if that . . ." and concentrate rather on how organisations can progress to the bene*fit of everyone;* the customer, the shareholder, the workers, the capitalist and the community. *That is holism.*

Phil Holroyd.
*The University,*
*Bradford, West Yorkshire.*

## Not such a surprise

*From the Managing Director, Perryform Systems.*

Sir,—I was interested to read in the business summary (January 17) that Pilkington's forecast of profit was likely to *be far ahead of the city's* expectations.

After price increases amount*ing to 25 per cent in the last* 12 months I wonder why?

My company purchases a great deal of glass manufactured by Pilkington and its record profitability could be said to be at the cost of my reduced margins. We don't all *have the "clout" that a company* the size of Pilkington has.

Could this not be said to be a rather unfair way of upping the value of the shares?

David Laugharne,
*Padgets Lane,*
*Moons Moat South,*
*Redditch, Worcs.*

## Removing ignoble motivation

*From Mr D. Moss*

Sir,—I am not a "City" person but wonder whether a "simple" rule would serve to remove some of the more ignoble motivations in takeovers and also clarify for the shareholders the value of bids and counter-bids.

All companies intiating a bid or wishing to enter "the competition" should declare their interest during a stipulated period prior to announcing their offers. During this period their share prices should be frozen and all dealings in their shares should be totally proscribed until the deal is finally concluded.

*D. W. Moss,*
*Beechwood,*
*Box Lane,*
*Bovingdon, Herts.*

## Faith in the auditors

*From Mr D. Duckett.*

Sir,—*In view of the* revelations since the DTI investigation of Guinness it is clear that several individuals and organisations in the financial world have not been "playing cricket."

The one person the shareholder can rely on *is* the auditor — thanks to the integrity of the accountancy profession.

I suggest that the Companies Act might be amended to provide *for a mandatory audit of* the share and tranfer registers of all companies party to a takeover bid (by their own auditors). Such audit to commence within 7 days of the bid announcement and to cover such total period as the auditors consider relevant. Reports to be isued in due course to the shareholders, directors and the DTI.

David Duckett,
*11, Holt Avenue,*
*Adel, Leeds.*

## The bottom line

*From Mr C. Pike*

Sir,—The bottom *line is* undoubtedly very important to a company, for without the support of shareholders, the company could not exist. Is it, however, not time to remind ourselves that there are three other interested parties, namely the customers who expect good service, and money to be spent on research to cater for future requirements; the employees, without whose involvement no successful company can thrive; and the public on behalf of the environment, which should not be adversely affected by the company's activities?

I feel this reminder is necessary in view of the pressure being brought to bear by pension funds, and others, for short-term bottom line performance.

C. D. Pike,
Watts Blake Bearne & Co.
*Park House,*
*Courtenay Park,*
*Newton Abbot, Devon.*

FURTHER LETTERS
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# FINANCIAL TIMES

Wednesday January 21 1987



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**Hugh Carnegy** pinpoints the economic differences that split the Dublin cabinet

## Why Irish coalition was doomed

FROM the beginning, in late 1982, there was a contradiction inherent in the coalition Dr Garret FitzGerald, the Irish Prime Minister, constructed between his Fine Gael Party and Labour, led by Mr Dick Spring.

Dr FitzGerald was committed to tackling a widening gap between Government spending and revenue and the escalating borrowing which that implied by a firm dose of "fiscal rectitude" – a slogan that became as familiar in Ireland as "monetarism" became in Britain after Mrs Thatcher's election.

So, too, was Labour committed to the need to rein in the budget deficits and state borrowing. But its socialism meant that it was always pulling in a slightly different direction from the more liberal economic approach of Fine Gael.

In the end, it was this difference in approach that brought the end of the coalition 10 months short of its full term.

The brutal truth is that the coalition goes out of office with the economy in worse shape than ever. The list of woes is depressing:

- The current budget deficit last year was equivalent to more than 8 per cent of gross national product, with Government spending exceeding revenue by 30 per cent.
- The national debt totals I£24bn ($35bn) or nearly 1½ times GNP. Almost all revenue from pay-as-you-earn taxation goes on servicing debt.
- Unemployment at the end of the year rose by more than 250,000 to 19.3 per cent of the workforce, a figure that excludes emigration at the rate of some 30,000 a year. A growing young population means unemployment will go on rising.
- The economy has shown negligible growth over the past two years. The central bank's latest forecast for 1987 is growth of 1.5 per cent. Irish economists talk of the country becoming "decoupled" from international growth trends.

Dr FitzGerald and Mr John Bruton, his Finance Minister, were determined that this miserable situation demanded tough medicine. They set about persuading the Cabinet that the public finances could only be brought under control by heavy spending cuts – to about I£210m out of Government spending which last year totalled I£8.1bn.

They argued that the tax base was already at its upper limit and could not be extended.

Labour simply could not swallow the medicine, especially as it would have involved hitting social welfare and health payments to its own constituency of the least well off.

Dr FitzGerald can claim with some justification that his attempts to control the economic decline have not been without success. Last year, the overruns on the target deficit figure were almost all non-recurring items such as bad weather payments to farmers or due to falling revenues as a result of the oil price collapse. Inflation at 4 per cent is lower than for years. Exports have performed well.

The fact is, however, that he is going to have a very hard time selling his "fiscal rectitude" to the electorate once more, as he intends to do.

Nor will he find much electoral mileage in other areas. The principle achievement of his Government was the Anglo-Irish Agreement, signed with Mrs Thatcher in November 1985.

It is long since off the front pages, however, and will be completely eclipsed by the economy as an election issue.

Dr FitzGerald's other major platform on coming to office was the need for a "constitutional crusade" to make the Roman Catholic-dominated republic a more plural society, not least to make it more attractive to Northern Ireland's Protestant majority.

A bill legalising the sale of non-medical contraceptives was passed. But referendum votes entrenching the ban on abortion and divorce in the constitution were a severe setback to those seeking a more liberal society in Ireland.

So what is the likely complexion of the next government?

Labour, scraping the bottom of the opinion polls, is already committed to staying out of government. As Fine Gael has never held a majority on its own, Dr FitzGerald's only real hope of a return to power is in coalition with the Progressive Democrats, a new party with a similar economic stance formed by Mr Desmond O'Malley, a former leading member of the Fianna Fail Party.

The performance of the Progressive Democrats, who hope to gain more than 10 seats in the 166-seat Dail (lower house), will be crucial to the outcome.

Its challenge in a number of key constituencies is the main obstacle standing in the way of Mr Charles Haughey, the leader of Fianna Fail, who has overcome a series of scandals and leadership contests after election defeats in 1981 and 1982 to lead his party from an unchallenged position.

Fianna Fail would also be the loser if Sinn Fein, the political wing of Irish Republican Army, wins seats. It is contesting this election for the first time committed to take up any seats it wins. It could win several under Ireland's proportional representation system.

At this stage, with the opinion polls showing Fianna Fail in a clear lead, the odds are on Mr Haughey to win a majority. His offer of strong single party government may well sway voters tired of the compromises and uncertainties of the last months of the coalition.

Mr Haughey is still blamed by Fine Gael for many of the economy's problems. It accuses him of reckless spending and borrowing when in government and predicts the same will happen again.

The Fianna Fail leader says he will make no commitments on the economy at this stage, except to say that control of the public finances must be balanced by policies of growth. His intention to cut tax and keep spending to 1986 levels in real terms implies some considerable belt-tightening by the state coupled with the gamble that tax cuts will stimulate growth.

On Northern Ireland, Mr Haughey says he will pursue any progress forthcoming from the Anglo-Irish Agreement and has recently softened his earlier talk of renegotiating the accord.

Charles Haughey (left) the opposition leader whose Fianna Fail party holds a clear lead in the opinion polls, is still blamed by Prime Minister Garret FitzGerald (right) and his Fine Gael party for many of Ireland's economic woes.

## BTR drops £1.2bn bid for Pilkington Brothers

By Martin Dickson in London

BTR, the industrial conglomerate, yesterday abandoned its £1.2bn bid for Pilkington Brothers, the glass manufacturer, bringing to an abrupt end one of the most politically contentious takeover battles in recent years.

BTR said that after taking soundings with Pilkington's major institutional shareholders, it had concluded that it would have to pay too high a price to capture the glass company, which last Friday made an extremely strong profits forecast, far ahead of BTR's expectations.

Sir Owen Green, BTR's chairman, said the move had not been influenced by the political storm which the bid provoked. "BTR's decision is a manifestation of the workings of the free market, whose judgment they may not always respect, but whose verdict they will always accept," an official company statement added.

Together with the Guinness scandal, BTR's defeat could mark a watershed, hastening an end to the boom of the past few years in large, contested British takeovers. For while the Guinness affair has focused attention on the dangers of share price manipulation in a bid, the BTR-Pilkington battle crystallised a national debate over the industrial impact of the merger wave.

The defeat is an embarrassment for BTR and, more particularly, for 61-year-old Sir Owen, who, while retaining strategic control of the group, handed day-to-day running of its affairs over to a new chief executive at the start of the year.

The Pilkington bid was widely viewed as the crowning battle of Sir Owen's 20-year leadership of BTR, which has taken the company from humble origins to become one of the UK's biggest businesses.

The outcome is also a further serious blow to Morgan Grenfell, BTR's merchant bank adviser, which had regarded the bid as one it must win to restore a degree of credibility in the wake of the Guinness scandal. Pilkington was advised by Schroder Wagg.

Mr Antony Pilkington, chairman of the glass company, last night expressed delight at the victory and said he was sure the confidence everyone had expressed in the group would be demonstrated by its future performance.

- In the House of Commons, Mr Nigel Lawson, the Chancellor of the Exchequer, said that BTR's withdrawal from the bid "in the light of Pilkington's dramatically improved profits forecast" was a clear indication of the Government's view that issues other than competition are "generally best left to the verdict of the market," writes Peter Riddell in London.

## THE LEX COLUMN

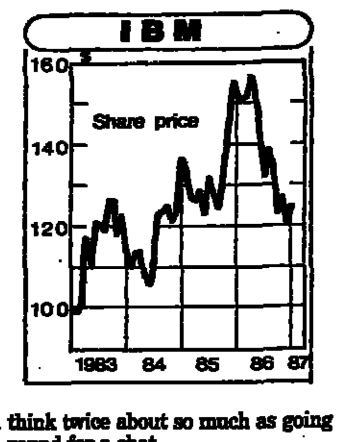
## Resignation in the Rue Morgue

Ministerial responsibility may no longer be a mainstay of the British constitution, since the men at the top in Whitehall can usually avoid carrying the can. But at Morgan Grenfell, the sins of the corporate finance department have now travelled to the very top of the organisation. Sadly, the windings of the Guinness affair have now devoured not only Morgan's head of corporate finance but its group chief executive. Like Guinness, last week, Morgan is having to fill a vacuum at the top by temporarily replacing the chief executive with an ad hoc committee of line managers.

Damned if they knew what was going on, and damned for looking pretty silly if they did not, Christopher Reeves and Graham Walsh probably had to go sooner or later. That they should have gone so soon after Morgan's drum-beating statement of confidence must, of course, be attributed partly to Bank of England intervention. But it would be odd if the young Turks within Morgan had not added to the moral pressure for a clean sweep of the responsible directors.

The trouble with clean sweeps is that whatever good they do by breaking with past mistakes is apt to be outweighed by the damage to management control and continuity. With perhaps even greater urgency than Guinness, Morgan needs to establish a credible successor to the chief executive who presided over such rapid and impressive growth. The bank's name is second to none in the City, but will be a wasting asset if the group is seen to flounder. If a definitive management succession is not quickly arranged Morgan will become a plundering ground for executive headhunters and its roster of blue chip customers could easily turn into a mailing list for other houses.

Unfortunately, the ranks of top-class management in UK merchant banks are thin, and already fully-stretched in other places. Until the agglomerations that preceded Big Bang, merchant banks were relatively small outfits, where management was apt to be seen as one of the more dispensable non fee-earning activities; now it is a scarce commodity that stands at a huge premium. Almost anyone that the Bank of England's appointments department may call is going to think twice about so much as going round for a chat.




Though the paucity of transferable management and the remarkably strong Morgan share price are alike in pointing to the virtues of a friendly takeover, that too may be difficult to arrange. Those big fees from corporate finance look like drying to a comparative trickle – the retreat of BTR is a portent, here – and the securities division is far from getting up to speed. The threat of litigation from the likes of Mr Gulliver eats away at the value of the asset base. A share price in excess of 400p is no place to start an auction.

### Pilkington

The wound that Pilkington's buckshot has inflicted on BTR may prove to be skin deep, and even a blessing in disguise, but the Guinness affair has reached out beyond the confines of the alcohol business. BTR has recognised the politicisation of the markets – at least this side of an election – as an incontrovertible fact, saluted Pilkington's skill in exploiting that, and walked away with a £16m dealing surplus locked into its profit and loss account for the year.

Leaving aside whether Pilkington was any longer an appropriate target – perhaps it had already proved itself too successful a disciple of modern financial management – BTR's biggest mistake was to launch the bid two weeks before the DTI inspectors walked into the Guinness headquarters. That piece of ill-luck made it hard for BTR to win; had BTR succeeded, though, the poisoned atmosphere would have stifled its attempts to manage what it had bought. In the circumstances, few would quarrel with BTR's unusual judgement in walking away: the price had simply gone too high.

### IBM

Will IBM ever be the same again? No doubt it will recover to some extent from its present difficulties, severe though they are. But its dominate of the computer business may be irreparably dented and moaning about the difficult market does not look too good when other computer makers are turning in respectable profit increases. With mainframes still providing the bulk of IBM's profits, the current lack of growth in that sector, disturbing in itself, is also bringing in price competition. Down among the mini-computers, where demand is still good, IBM has suffered at the hands of Digital Equipment and others. The launch of IBM's new 9370 range later this year should regain some business. The problems in the personal computer market are only too well known.

But there are other ways in which IBM must change to recover. The impact of early retirement costs on the fourth-quarter figure, with net earnings down from $4.36 to $2.28 per share, accounts for some, but certainly not all, of the fall in 1986 post-tax margins from 13.1 to 9.3 per cent. Other measures to reduce the high level of fixed costs have also been taken, but there must be some doubt whether even these are sufficient to bring overheads into line with the volume of business. With the first half of 1987 predicted to be tough it is early to be taking the second half on trust. On a historic multiple of 16, the shares are still looking pricey.

But with BTR unlikely to try another bid in the UK for some time, where does that leave its growth prospects? On BTR's own admission, volume growth will be limited and margins in the existing business cannot be pushed much beyond their present 13 per cent. In the short-term, earnings per share growth could even narrowly underperform the market. Something is needed; but the options are fewer than they were when BTR looked Pilkington over last autumn.

## Airbus renews bid for jet order from SAS

By Sara Webb in Stockholm

SAS, the Scandinavian airline, says it has received "an aggressive offer" from the European Airbus Industrie consortium to replace its fleet of DC-10 aircraft.

SAS turned down an offer from the consortium and plumped for McDonnell Douglas last December, signing a letter of intent to buy 12 McDonnell Douglas MD-11 long-range airliners in a deal worth over $1.4bn.

Since then, the Airbus Industrie consortium has revised its offer. It has come up with a new design for a high performance super fan engine, and is offering two different sizes of aircraft – the standard 220-seat model and a new 260-270 seat model.

The engine is being developed by International Aero Engines, a consortium consisting of Rolls-Royce UK, Pratt & Whitney of the US, Japan Aero Engines, Motoren and Turbinen-Union of Germany, and Fiat Aviazione of Italy.

"We are being offered a different airplane now" said Mr Ulf Abrahamsson, head of planning at SAS. He said that the consortium was making an aggressive offer, but would not release details of the offer's value.

SAS plans to replace a total of 11 DC-10 aircraft. Delivery of the MD-11 aircraft was due to start in August 1990, but the consortium would not be able to deliver its A340 aircraft before 1992. It needs at least five confirmed customers before it can launch the programme.

Last week, Lufthansa announced plans to order the proposed A340 airliner. SAS has until the end of March to decide whether to go ahead with the MD-11 order or take up the consortium's renewed offer.

## UK mortgage investment group launches £50m Eurobond

BY CLARE PEARSON AND HUGO DIXON IN LONDON

NATIONAL Home Loans, the mortgage investment company, yesterday issued a Eurobond backed by UK residential mortgages, marking a milestone in the development of a secondary market – in which loans are repackaged and sold as securities – in British mortgages.

About 1,250 mortgages are being sold by National Home Loans to a separate UK-incorporated company, NHL First Funding, which will use the funds raised by the £50m floating rate note issue to pay for them.

This enables National Home Loans to remove the mortgages from its balance sheet and free its capital for further lending. Securitised mortgages are already common in some other countries, notably the US.

Unlike the only previous Eurobond issue backed by UK mortgages, which was launched for Bank of America two years ago, Standard & Poor's, the US credit rating agency, is providing a rating for the bond.

This is expected to be triple-A, the highest available, and this was a key element in the welcome that the market awarded the issue yesterday.

The NHL issue carries interest at 0.2 percentage points above three-month money market rates. Interest and final repayment to bondholders will be met by homeowners' mortgage payments. Investors are protected by insurance policies from defaults and shortfalls in interest payments that might be created if the mortgage interest fell below money market rates.

The pool of mortgages is guaranteed by Sun Alliance and London Insurance, while there is an additional assurance of payments of interest from Financial Security Assurance, a US organisation which insures financial instruments.

Although the bonds nominally mature in 2013, the underlying mortgages have maturities ranging from 10 to 25 years. As all prepayments by homeowners will be passed through quarterly to bond investors, the actual maturity of the bonds is expected to be considerably shorter. National Home Loans can redeem them if the pool dwindles to £10m.

The bonds were quoted yesterday at a bid price of 99.8, 0.2 percentage points below the issue price but still a sign of an enthusiastic reception from the market, as this price provided a comfortable profit for underwriters when their fees are taken into account.

The move, if followed by other lenders, will have far-reaching implications for the wider home loans market. It also raises questions of how the interests of homeowners whose mortgages are switched from one lender to another can be protected.

Specialist mortgage lenders, of which National Home Loans is only one, and the UK clearing banks have moved aggressively into the mortgage market in recent years, threatening the position of building societies which have traditionally dominated it.

Those institutions which decide to securitise home loans will be able to boost their mortgage lending without increasing their capital. They should therefore be able to offer lower interest rates, undercutting societies.

Societies, though, seem unlikely to rush into the new market for two reasons: they are afraid doing so might help their competitors and they are concerned about the reaction of their customers.

## $ rallies on German rate cut hopes

Continued from Page 1

ledge any slowdown in the economy.

The Bundesbank remains concerned about above-target growth in West German money supply, currently rising at roughly double its new 3 to 6 per cent target band for 1987.

But in the light of fresh indications from industry that economic growth is fading, partly because of difficulties faced by exporters caused by stronger D-Mark, domestic and international pressure on the central bank to act is clearly intensifying.

The Frankfurt foreign exchange market yesterday was rife with rumours about the possible outcome of tomorrow's meeting.

The timing of Mr Stoltenberg's attendance, ostensibly to discuss the consequences of the European Monetary System realignment 10 days ago, implies that "something is cooking," according to one Frankfurt dealer.

One widely canvassed view in Frankfurt is that the Bundesbank will agree to cut its Discount and Lombard rate by between 0.5 and 1 per cent. The rates have been pegged at 3.5 per cent and 5.5 per cent since March 1986 and August 1985 respectively, in spite of frequent pressure from the US Administration for a cut.

## IBM reports dramatic fall in 1986 profits

Continued from Page 1

talise on a business turnround when it comes."

Many analysts continue to believe, however, that IBM's most serious problems stem not from the weakness of the computer market as a whole, but from its own product line and marketing and development strategies.

In recent years the fastest growing and most profitable segment of the computer business has been the sale of minicomputers, which cover the middle range of computing power between the large mainframes, a market which IBM continues to dominate, and the microcomputers, which are becoming steadily less profitable because of the incursions from low-cost imitators and clones.

IBM has lost market share in the minicomputer market to Digital Equipment Corporation, the second largest US computer manufacturer, which last week delighted the stockmarket with a near doubling of its profits and a surge in revenue growth. DEC has expanded rapidly from its traditional scientific applications into IBM preserves

Although IBM last year announced a series of new products aimed at recapturing this market, shipments of its most important of new minicomputers have yet to begin.

Meanwhile, DEC has taken the battle into IBM's own backyard, with the announcement yesterday that it will begin marketing a new range of mainframes designed to connect easily with its successful minicomputer range and to compete directly in computing power with IBM's most profitable high-end products.

DEC's new products, which are effectively clusters of minicomputers working together, will sell for little more than half the price of IBM machines

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 12 | 54 | Dubrovnik | R | 7 | 45 | Malta | F | 16 | 61 | Rhodes | F | 16 | 61 |
| Algiers | S | 13 | 55 | Edinburgh | C | 8 | 46 | Manchester | C | 5 | 41 | Rio de J'o | | 30 | 86 |
| Amsterdam | C | -3 | 27 | Faro | S | 13 | 55 | Manila | S | 30 | 86 | [illegible] | C | 12 | 54 |
| Athens | C | 13 | 55 | Florence | S | 8 | 46 | Melbourne | F | 21 | 70 | Salzburg | C | -2 | 28 |
| Bahrain | S | 20 | 68 | Frankfurt | S | -3 | 27 | Mexico City | S | 24 | 75 | San Francisco | S | 20 | 68 |
| Bangkok | S | 33 | 91 | Funchal | F | 18 | 64 | Miami | C | 29 | 84 | Seoul | F | -1 | 30 |
| Barcelona | F | 8 | 46 | Geneva | C | -3 | 27 | Milan | S | 6 | 43 | Singapore | C | 31 | 88 |
| Beirut | S | 18 | 64 | Gibraltar | C | 13 | 55 | Montreal | C | -8 | 18 | Stockholm | C | -4 | 25 |
| Belfast | D | 10 | 50 | Glasgow | D | 9 | 48 | Moscow | C | -5 | 23 | Strasbourg | C | -3 | 27 |
| Belgrade | C | -3 | 27 | Guernsey | C | 1 | 34 | Munich | C | -3 | 27 | Sydney | C | 26 | 79 |
| Berlin | S | -8 | 18 | Helsinki | Sn | -3 | 27 | Nairobi | F | 24 | 75 | Taipei | C | 17 | 63 |
| Biarritz | C | -3 | 27 | H. Kong | C | 16 | 61 | Naples | C | 8 | 46 | Tangier | S | 15 | 59 |
| Bombay | F | 31 | 88 | Innsbruck | S | -5 | 23 | Nassau | S | 30 | 86 | Tel Aviv | S | 20 | 68 |
| Bordeaux | C | -3 | 27 | Inverness | D | 6 | 43 | New Delhi | S | 15 | 59 | Tenerife | S | 22 | 72 |
| Brussels | Sn | -3 | 27 | Islamabad | S | 20 | 68 | New York | C | 2 | 36 | Tokyo | S | 6 | 43 |
| Budapest | F | -1 | 30 | Istanbul | C | 3 | 37 | Nice | S | 12 | 54 | Toronto | Sn | -4 | 25 |
| B. Aires | S | 30 | 86 | Jakarta | R | 30 | 86 | Nicosia | S | 19 | 66 | Tunis | F | 13 | 55 |
| Cairo | S | 21 | 70 | Jersey | C | -1 | 30 | Oporto | S | 12 | 54 | Valencia | F | 14 | 57 |
| Cape Town | S | 23 | 73 | Jo'burg | — | — | — | Oslo | C | -8 | 18 | Venice | S | 6 | 43 |
| Caracas | C | 24 | 75 | Lima | S | 26 | 79 | Paris | C | -2 | 28 | Vienna | C | -7 | 19 |
| Casablanca | S | 15 | 59 | Lisbon | C | 14 | 57 | Peking | S | 2 | 36 | Warsaw | S | -8 | 18 |
| Chicago | C | -2 | 28 | London | C | 3 | 37 | Prague | C | -7 | 19 | Washington | — | — | — |
| Cologne | C | -3 | 27 | Los Angeles | S | 18 | 64 | Reykjavik | C | 2 | 36 | Zurich | Sn | -3 | 27 |
| Copenhagen | S | -4 | 25 | Luxembourg | Fg | -4 | 25 | | | | | | | | |
| Corfu | F | 11 | 52 | Madrid | S | 6 | 43 | | | | | | | | |
| Dallas | — | — | — | Majorca | F | 11 | 52 | | | | | | | | |
| Dublin | C | 11 | 52 | Malaga | F | 13 | 55 | | | | | | | | |

*Readings at mid-day yesterday:*
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Bond buys Packer network

Continued from Page 1

and the other 50 per cent will be offered to Bond Corporation shareholders. The company will have shareholders' funds in excess of A$800m.

Mr Bond yesterday pointed to the advantages of the creation of a network now permitted under the Government's ownership rules. According to the company's figures, Bond channels will now reach 59 per cent of the metropolitan viewing audience.

This exceeds the 49 per cent figure for Mr Murdoch and 34 per cent for Mr Robert Holmes à Court following their compromise last week in the battle for HWT. These figures are themselves subject to change.

Mr Packer said he had mixed feelings about the transaction, but felt rationalisation was inevitable following the recent changes in Government policy.

Mr Packer declared that he had no intention of selling his extensive magazine publishing interests, which include the magazines Australian Business, The Bulletin and Australian Women's Weekly.

He also put on record that he was not leaving Australia. But he refused to discuss expansion plans, and in particular how Consolidated Press Holdings might use the proceeds of its sale.

Consideration for the purchase comprises A$805m in cash, A$200m in 6 per cent convertible preference shares redeemable in three years, and options to subscribe for 50m shares in the new Bond Media company.

# The biter bit • Singapore and Thailand • Saudi

BY MICHAEL DIXON

ONE THING this column has not been slow to do is criticise people for underestimating how greatly working conditions have changed.

A particular target, for example, has been the persisting belief that the overwhelming majority can go on expecting to be handed their jobs ready-made by someone else. Surely nobody but the legendary ostrich could fail to see that if Britain at least is to remain a prosperous western-style democracy, more and more of its public will have to create ways of earning a living for themselves.

In accusing others of burying their heads in the sand, I of course never dreamt that I might be doing the same. But the biter has now been bit, and finds it painful. John West, head of the Little Dudley House "Pizza Piazza" company, has faced me with evidence that I am as guilty as anyone of harbouring outdated attitudes.

As is typical of such attitudes, the one in question was deeply ingrained. So much so that I previously did not think of it as an attitude. It seemed to me a self-evident truth, which makes it all the more embarrassing to reveal.

I am not aware of ever doubting people's right to make a living by staking their money whether directly on a business, in the various markets, or even on horses and dogs. But it turns out that for longer than I can remember I have assumed that doing a job is something intrinsically different from—and, truth to tell, better than—just investing cash. That led me to see it as wrong for employers to offer in the guise of jobs appointments conditional on the recruits' putting up money, and I have excluded such offers from this column.

My reflex was to do the same on hearing from Mr West that a stake was required from the unspecified number of go-getting people Little Dudley House is seeking to start and run new franchised restaurants. But a few phrases late in his letter set me thinking about my previously unquestioned attitude. They read:

"The key point is that we seek to recruit young people now into our own company, train them to help run our business, and then set them up in units of their own. We are happy to provide the bulk of the capital, so it is not a conventional franchise. But it does give our managers a possible route to their own business."

It soon struck me that refusing to pass on an offer like that contradicted my belief that the sort of future I want my grandchildren to live in will depend on more and more people becoming able to create their own means of living. In any case, this column cannot do more than draw attention to openings on the principle of let the buyer beware. (While I would never mention recruiters or employers I had not reason to think reliable, I lack the resources to inquire deeply into their particular offers.) Who, then, am I to deny adult readers knowledge of interesting-looking openings merely because they require recruits to invest some money as well as their other talents?

So tossing the disapproving attitude into the waste bin and determining henceforth to treat each such case on its apparent merits, I telephoned Little Dudley House to find out more.

Mr West was away. But fellow-director Anthony Hawksley said they were thinking of people who, although not necessarily having catering experience, were ambitious to run their own outfit and might view a franchised Pizza Piazza as a first step. They were certainly not required to invest very much money. Indeed, anyone able to do so would not be considered as a candidate.

"We think that those with lots of cash tend to be the least suitable for the work. They aren't going to want to put in 70 hours a week, take all the flak, and persevere through the rest of the toils and tribulations that being an owner-manager involves. We don't even want a size of stake that would put the person under stress outside the business. The idea is that they should put in enough just to concentrate their minds on the profit and loss account," Mr Hawksley said.

"If both sides still wish to go ahead after the interviews, we'll provide them with a minimum of three months training on pay of something like £10,000 to £15,000 to cover their mortgage and so on, and then carry on paying them until we've jointly found a site and got the new operation under way."

Readers wishing to inquire further should contact Mr West at 436 Hook Road, Chessington, Surrey KT9 1NA; telephone 01-391 0198.

## Far East

NOW TO the Far East where recruiter John Steele of the Manserv consultancy in Switzerland wants to export two managerial types of work for separate subsidiaries of a Swiss-owned trading group. As he may not name it he promises not to identify any applicant who so asks to the employer at this stage — as does the other headhunter to be mentioned later.

The first and more senior of the posts is in Singapore as managing director of a subsidiary which besides being the marketing representative of various big pharmaceutical companies, produces and sells its own brands of high-tech furniture and fittings for opulent offices. Responsible to the group's main board in Switzerland, the recruit will be in charge of a workforce of about 1,000 people which has been built up over about a quarter century. Although the subsidiary also markets in Malaysia and parts of Australasia, the bulk of its business remains in Singapore.

The prime task for the incoming managing director will be to maintain the profitability of trading in the present products and territories while developing new ranges and outlets.

So candidates should be familiar with marketing to a variety of different nationalities —while previous Far East service would be an advantage of course, it is not essential.

More important is success as the profit-responsible general manager of a biggish business. If it was in or around the pharmaceuticals industry, so much the better. But a background in fast-moving consumer goods could well fill the bill. Moreover, since most of the office furniture and fittings are manufactured locally, knowledge of production management could come in handy

No salary indicator is quoted, but my guess is that the figure for a comparable post in Switzerland would range upwards from about SFr 150,000. Other benefits are negotiable but they are expected to be of usual expatriate copiousness, including accommodation.

The other job offered through Mr Steele is for the marketing manager of the group's subsidiary in Thailand whose business is confined to marketing pharmaceuticals, both over-the-counter and ethical, within the national boundaries. The base is Bangkok.

Candidates should have played a responsible role, even if only as a member of a headquarters team, in the selling and marketing of similar goods across several countries.

Again no salary is quoted. My estimate, on the same basis as before, would be SFr 100,000-plus. Accommodation among expatriate perks.

Inquiries to John Steele at Glarnischstrasse 42, 9500 Wil, Switzerland: tel (73) 237644, telex 883389 Mserch.

## Financial chief

SAUDI ARABIA will be the base of the Arabic-speaking qualified accountant sought by recruiter Jackson Taylor as financial controller of a Saudi-owned holding company. Candidates should be skilled in all aspects of financial management including negotiation with banks. Salary around £31,000 tax-free plus expatriate benefits. Inquiries to the Darlington branch of Jackson Taylor International, 27 Blackwellgate, Darlington DL1 5HX; Tel 0325 55426, Telex 587259 Recpar G,

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*Closing date for applications is 6th February 1987.*

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The challenge of this position will be reflected in a highly competitive salary package. If you wish to apply, please send a detailed curriculum vitae to:-

*Mr. John Hardisty,*
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*Europe, Africa and Middle East*
*Canadian Imperial Bank of Commerce*
*55 Bishopsgate*
*London, EC2N 3NN*

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Please apply in confidence to: Keith Martin by telephone on 01-628 4444 or by writing to him at:

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**Please write enclosing your curriculum vitae, to: Mrs. Elizabeth Bell, Personnel Associate, Dean Witter Reynolds Inc., 56 Leadenhall Street, London EC3A 2BH.**

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Strategically based, you will be required to develop the Bank's small to medium sized corporate sector and to work closely with Branches in your designated area.
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Essentially we are looking for individuals with a strong banking background, probably gained through working with a major financial institution, who will also need a substantial degree of commercial experience, sound judgement and a high degree of self motivation.

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(Corporate Banking Division)

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The role calls for individuals who have a full understanding of all aspects of corporate finance; probably gained through working with a major financial institution.
However, these skills will need to be complimented by commercial acumen, sound judgement and a high degree of motivation in order to reach our objectives.

The salary and benefit packages will fully reflect the importance of these positions and will present an opportunity for further advancement.

If you feel you have both the technical and personal attributes that would qualify you to be considered for either of these positions, please write in strict confidence to: *Kevin Farrell*, Head of Personnel, Co-operative Bank plc, PO Box 101, 1 Balloon Street, Manchester M60 4EP *enclosing* a *curriculum vitae*.

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For further information please call or send cv in confidence to Sara Bonsey.

*18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224*

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## An exciting opportunity with prospects of promotion to Fund Manager

This is a chance for you to become assistant to the North American Fund Manager in one of the most competitive and successful British institutions. The company has substantial investments in US and Canadian equities and your job will be an interesting blend of analysis and some dealing responsibilities. You will also be a participant in investment policy meetings, so all in all there is great scope for personal initiative and rapid advancement.

You will work in a brand new sophisticated dealing room due to be completed in the next few weeks. Promotion prospects are outstanding – the majority of the company's existing fund managers were appointed through internal promotion and new management positions have been created to capitalise on market change or particular expertise.

To be a candidate you should be a professional investment analyst probably aged 22-30 and with a degree or appropriate qualification. You should have at least two years' experience in US or Canadian equities, or preferably in both, gained with a major institution.

There is an attractive compensation package.

**To apply, please write with CV to John Sears and Associates, Executive Management Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone: 01-629 3532.**

**John Sears and Associates** A MEMBER OF THE SMCL GROUP

## PRIVATE CLIENTS
**£12,000 to £50,000**

Executives aged 24 to 40 with UK or International private clients experience to join expanding portfolio management teams ... specialize in options ... become involved in marketing ... set up regional offices. Contact James Younger or Anthony Innes.

## EQUITY RESEARCH
**£12,000 to £60,000**

Analysts aged 23 to 40, with sector, U.K., Japanese or European experience to join specialist research team ... cover a range of sectors or markets ... become involved in Fund Management. Contact James Younger or Emma Weir.

## GILT/BOND ANALYSIS
**£15,000 to £70,000**

Economics or mathematics graduates, aged 23 to 40, with at least two years experience of gilt and/or bond analysis, plus good written and communicative skills, for expanding major names. Contact Clare Kearns.

Whether you wish to make a move, would like to discuss the market, or want to be kept informed, we are pleased to advise in confidence. 20 Cousin Lane, London, EC4R 3TE. Telephone 01-236-7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

# Marketing Officer

International Banking Group
to £25,000 & benefits

Our client is a leading International Bank with a long-established Branch in the City. Due to the promotion of the incumbent Officer, we wish to recruit an experienced marketing officer to have responsibility for relationships with European head-quartered multi-national companies in the U.K.

Candidates will have had a thorough grounding in credit, preferably U.S. bank trained, and 2-3 years experience in client relationship work, preferably with working knowledge of European corporations. A second European language other than French would be advantageous.

The Bank has an excellent reputation in all facets of corporate lending, Trade finance, treasury and foreign exchange products and has an impressive world-wide network of branches, subsidiaries and associates in over 65 countries.

The Bank is committed to career development and has excellent training facilities based in the U.K.

*Please contact David Grove, Consultant to the Bank, by telephone on 01-374 8838, or in writing, enclosing an up-to-date curriculum vitae, to: March Consulting Group, 12 Sheet Street, Windsor, Berkshire, SL4 1BG.*

MARCH
CONSULTING GROUP

# Manager – Corporate Finance

Westpac Banking Corporation is the largest banking group in Australia with substantial wholesale banking operations in Europe. From its divisional headquarter in London, a wide range of capital market, project and advisory financial services are transacted.

The Bank is now seeking another experienced executive to join its Corporate Finance unit located within the Bank's International Capital Markets Group. The unit's principal activities are merger and acquisition work, leveraged and management buyouts and specialised financings.

The successful applicant will be in his/her early 30s and have a number of years experience in financial services, industry or the accounting profession. An essential requirement is a sound knowledge gained through working experience of European market conditions, acquisition law and accounting practice. As some of the work will be on behalf of Australian based clients, a knowledge of the Australian market would be desirable although not essential. Appropriate academic and professional qualifications are necessary.

An attractive salary and benefits package is offered and those interested are invited to write in confidence with full cirriculum vitae to:—

Mr Peter Roberts, Personnel Manager,
Westpac Banking Corporation,
Walbrook House,
23 Walbrook, London EC4N 8LD

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Australia's world bank.

## FIXED INCOME PORTFOLIO MANAGER

Smith Barney is a leading U.S. investment and securities house.

As a result of expansion, we currently have a vacancy in our London office for a portfolio manager to be responsible for the investment of multicurrency bond portfolios and research into capital markets. A minimum of 2-3 years in fixed income fund management is essential, preferably with a multicurrency bias.

A fully competitive salary package will be offered to the right individual. Please write, enclosing full CV and salary details, to:

Head of International Fund Management
Smith Barney, Harris Upham International Inc.
18 Finsbury Circus
London EC2M 7AQ

Enquiries will be treated in strictest confidence.

Smith Barney, Harris Upham International Incorporated

## TRAINEE BROKER

A vacancy has arisen for a Trainee Broker. The successful applicant will be aged 24+, of smart appearance and ambitious. Excellent prospects offered

Call the Recruitment Officer on 01-408 1218

# Guidehouse
LIMITED

## CORPORATE FINANCE APPOINTMENTS

Guidehouse Limited, a member of the publicly quoted Guidehouse Group Plc, is seeking to recruit up to three corporate finance executives. Guidehouse is an active Issuing House which specialises in providing corporate finance and related advisory services to rapidly developing companies. The present vacancies arise as a consequence of a planned expansion of activities to coincide with the launch of the Third Market.

Suitable candidates will be working in the corporate finance department of a Merchant Bank, Stockbroker or one of the larger firms of accountants. Ideally, candidates will have had direct experience in the preparation of prospectuses and related documentation, be familiar with the principles of the Take-Over Code and have a particular interest in the smaller companies sector.

Guidehouse Limited expects to make three appointments, one at director level and two at either assistant director or manager level. The remuneration package (which will include a substantial bonus element) will be negotiable dependent upon experience.

**Candidates should apply in confidence (enclosing CV) to: Guidehouse Limited, (Ref. JD), Vestry House, Greyfriars Passage, Newgate Street, London EC1A 7BA.**

## GILTS SALES/TRADER
**to £50,000 package**

Our client is a large diverse UK Financial Services group and member of all major exchanges in London and overseas.

As a result of continuing expansion they seek a highly motivated and ambitious Sales/Trader, ideally aged 27-40, with a sound track record in Gilts, to join their inter-dealer-broker subsidiary. Stock exchange floor trading experience would be an advantage but trading ability is more important.

For an informal talk about the standing, scope and prospects within this major name, please contact Simon Kennedy or Sarah Davies who will treat all enquiries in confidence. 20 Cousin Lane, London EC4R 3TE. Telephone 01-236 7307.

KENNEDY STEPHENS
SEARCH & SELECTION IN THE FINANCIAL MARKETS

## FINANCIAL ADVISER

Financial Adviser, the new weekly newspaper for intermediaries, shortly to be launched by Financial Times Business Information, offers journalists with a keen interest in investment and money matters the opportunity to join us and progress within Britain's most successful publishing group. Applications, in writing, are invited for the following posts:

**DEPUTY EDITOR**—He or she must have working knowledge of the financial sector as well as having organisational and production ability. An excellent salary is available to someone who can demonstrate the potential for leadership.

**STAFF WRITERS**—Will be selected from those who have proved their worth in financial journalism or have shown they have the clarity of expression and other reporting skills that will serve them well in this fast expanding field.

**CHIEF SUB EDITOR**—He or she will be responsible for the production of the newspaper, and will be expected to have solid experience and an eye for attractive presentation.

FTBI

*Applications to:*
Steve Bevan
Personnel Officer
FTBI
Greystoke Place
Fetter Lane
London EC4A 1ND

## GENERAL MANAGER

An expanding company specialising in health care related insurance brokerage services is seeking to make this key appointment to spearhead the next phase of development throughout the U.K.

Responsibilities will include the control of all aspects of the Company's day to day activities, including a key contribution to forward planning and product development.

An attractive remuneration package is available to the successful candidate, who must be able to demonstrate a proven record of success in business development, together with appropriate experience in the field of insurance.

*For further details please write to: Box A0380 Financial Times 10 Cannon Street, London EC4P 4BY*

# DIRECTOR OF SYSTEMS DEVELOPMENT

Among the large number of companies offering International Banking Systems to the financial community around the world one stands out head and shoulders above the rest. Discrete yet dynamic, professional but progressive, their systems are in great demand worldwide. In two years of controlled growth their unparalleled expertise within the financial market place has them firmly established as the company most likely to capitalise on the many opportunities presented by deregulation and changes in the City's infrastructure.

SALARY BY ARRANGEMENT WITH, ADDITIONALLY, BANKING BENEFITS AND COMPANY CAR

INTERNATIONAL BANKING KNOWLEDGE (DEALING & BACK OFFICE)

CONTROL OF SYSTEMS DEVELOPMENT AREA (40 STAFF)

INPUT INTO POLICY COMMITTEE

BANKING AND D.P. BACKGROUND

BUSINESS ACUMEN

BUDGETARY CONTROL

This is one of a number of key appointments to be made in the New Year. We will be looking for a clear-thinking, innovative and committed individual with a mobile, flexible approach. Someone who will enjoy and respond to the variety and responsibility offered.

For more information contact **JUAN ROCA-MAS** in the office or on 01-554 6637 evenings and weekends. *Alternatively send a detailed CV to* Marshall-Wilkins, FREEPOST, London E1 6BR quoting ref. JRM071.

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96 London Fruit Exchange, Brushfield Street, London E1 6EP
Telephone: 01-247 1172

# Corporate Finance
## c.£35,000 + bonus

Our client, a major international Investment Banking Securities house, is seeking to strengthen its existing M&A team by recruiting an exceptionally bright and energetic young Corporate Financier.

With a good academic record and an MBA, ACA or legal qualification, the successful individual will have at least two years' experience of UK Corporate Finance work, accompanied by a high degree of self motivation and energy. Good communicative skills, flexibility and the ability to work both as an individual and as part of a diverse team of international bankers, are essential.

The role involves all aspects of Corporate Finance work for both UK and international clients and includes computer modelling, documentation and initiating new business. This is an exceptional opportunity to progress within and make a major contribution to, the success of a rapidly growing team.

Please contact Stephen Embleton for an initial discussion in strict confidence.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-409 1371

# DIRECTOR LEVEL CONSULTANCY

METAPRAXIS

**FINANCIAL CONSULTANTS**

**S.W. London, to £26K + car. Prospect of future equity share.**

Metapraxis is a young and fast-growing management consultancy. We specialise in helping the Chief Executives and Finance Directors of large Groups to improve the presentation of financial information and the quality of corporate control. We have developed two techniques to facilitate this process.

* **RESOLVE:** a corporate and financial control system for personal use by Board directors.
* **VISION:** a design expertise for innovative Boardroom computer-based information display.

Our techniques are now used by a client base with combined turnover in excess of £40 billion, covering economies, banks, large companies and project control.

We now seek **Project Consultants** and **Trainees** to deal with all aspects of the client relationship, from initial meeting through to project proposal, acceptance and implementation. The work is extremely demanding and requires creativity and a very high level of personal drive.

*All candidates should:*
- *be familiar with Head Office information and budgetary control;*
- *be adept at the critical interpretation of management accounts;*
- *be equipped with a practical multi-disciplinary approach;*
- *be aged 25-35 with a First/2.1 degree, or MBA.*

**Trainee Consultants** must have 2-3 years of relevant experience including interaction with Head Office on issues such as capital expenditure and annual budgeting. After training you can expect to be promoted to **Project Consultant** to spearhead the implementation of our techniques in client organisations.

**Project Consultants** must have 4-5 years practical experience in areas such as strategic planning, acquisition analysis and financial monitoring. After training you can expect rapid promotion to **Senior Consultant**, where you will be personally responsible for a number of major accounts.

Please telephone Kirstie Harrison to ask for background information on Metapraxis; if this stimulates you to consider a career with us, write to the Managing Director, Robert Bittlestone, enclosing comprehensive career details, and explaining why your track record and personality should be of value to us.

**Metapraxis Ltd., Hanover House, Coombe Road, Kingston, KT2 7AH, Surrey, Tel: 01-541 1696**

# UK Pension Fund Manager
## London — To £40,000 Package

**The Client:** A large, national industrial company with diverse domestic and global interests.

**The Position:** Investment responsibility for a substantial element of the firm's large Pension Fund, predominantly in the UK equity market, but also covering other areas.

**The Candidate:** Aged between 35 and 45, with substantial fund management experience of UK equities, gilts and some international coverage. Managerial qualities also required.

**The Rewards:** A good basic salary plus substantial benefits package is available. Prospects include the possibility of assuming full investment responsibility for the fund in the medium term.

**Contact Timothy R. Wilkes or Nick Root on 01-404 5751 or write to Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

# Senior Corporate Finance Executive

Wallace, Smith Trust Co. Limited is an established City institution engaged in providing financial strategy and investment banking services internationally to companies, *financial institutions* and government bodies. We have built our reputation by combining in-depth research and analysis with active *financial* markets operations. In addition to working closely with our clients on major issues of financial strategy, we are also involved in implementing and executing transactions.

The Corporate Finance Group continues to expand its activities and currently seeks to appoint a Senior Executive. This individual will be responsible for structuring and marketing a range of financial products such as private placements, mergers and acquisitions, management/leveraged *buy outs, new issues and general advisory* work. The Senior Executive will head a team of highly motivated professionals in servicing and developing further a customer base in the U.K. and Europe.

The successful candidate, aged 28 to 35, will be a graduate and may have a further *degree or professional qualification, with* at least five years' corporate finance experience in a leading merchant bank. Also, the individual will possess the personal attributes to negotiate at senior levels within the U.K. and international corporate sector.

Prospects for advancement in this fast growing and successful organisation are excellent. A highly competitive remuneration package which recognises ability and experience will include the usual banking benefits.

If you are interested in joining us please send a full curriculum vitae in strict *confidence to George Romanowski*, Manager, Human Resources, Wallace, Smith Trust Co. Limited, Winchester House, *77 London Wall*, London EC2N 1AB.

WALLACE, SMITH TRUST CO. LIMITED

# A major new role in Banking
# Operations Manager
## c.£35,000 + Benefits

My client, one of the most renowned and successful international finance and investment organisations, is about, through a newly-formed U.K. subsidiary, to embark on a most exciting phase of diversification and development.

A vitally important member of the new management team is now sought. As **OPERATIONS MANAGER**, you will be expected to contribute to the control of all admin/back-up functions and, notably, develop and manage an IBM System 36 utilising MIDAS software, for which previous experience *is highly desirable.*

Probably aged 30-35 years and with at least 5 years' relevant exposure to the *Banking* and *Capital Markets* range of merchant banking operations, you must be *creative, confident and capable of developing the function* consistently and directly in relation to the rate of business growth.

An excellent range of banking benefits is offered, including private health and pension schemes, mortgage subsidy, etc., in addition to a negotiable salary as indicated. Future prospects are exceptional.

**If you believe you have the depth of experience and ingenuity this new appointment demands, please ring or preferably write (in total confidence) to me, Richard J. Sowerby, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5EA. Tel: 01-439 6288.**

*Sowerby's Selection*

# INSURANCE EXECUTIVE

Life Assurance Company seeks insurance executive or trainee for its marketing offices in Geneva dealing with Swiss/German/French clients. Excellent remuneration package

*APPLY LONDON 01-235 0674*

*DEBT & EQUITY*

## CORPORATE FINANCE — to £100,000

A major European Investment bank is looking to expand its corporate finance team, both at assistant director and director level, to handle the direct investment programmes for major companies in Europe. Candidates will have gained experience in the following areas: mergers *and acquisitions, with specific experience of,* management and leverage buy outs, disposals and other debt and/or equity financial projects.

## PROJECT FINANCE — c £35,000

Major merchant bank seek an energetic and ambitious banker with a strong project related background. The likely candidates will be creative thinkers, having practical experience in marketing *and evaluation of projects* of all kinds. Minimum experience of two years in a financial institution required.

## CITY LAWYER — c £30,000

An opening for a corporate lawyer in capital markets. Excellent exposure to all aspects of the structuring, negotiation and execution of new issue contracts for a wide spectrum of capital instruments. Medium term opportunities to become an investment banker.

*For further details, please write or telephone quoting reference: JB, who will treat all enquiries in strict confidence, to:*

Rochester Recruitment Limited
22A College Hill
London EC4R 2RP
Telephone: 01-248 8346

# Insecurities?
## Equity Sales

Confidence in your own position and the direction of your firm will be vital in 1987 – a critical year for the securities market in general, and equities in particular.

We work closely with the institutional departments of many of the City's most important securities houses (both UK and international) which means we are ideally placed to offer informed advice on a broad range of opportunities.

Demand for those with a successful track record in institutional equity sales is presently strong at all levels of seniority. Experienced analysts wishing to switch to sales would also be of interest.

If you wish to discuss a significant career move or would simply like to be kept informed of market developments, please contact Sally Poppleton or Anna Robson at the Securities and Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone **01-404 5751.** *Strictest confidentiality assured.*

Only those with relevant City experience should apply.

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International Recruitment Consultants - London Brussels New York Paris Sydney
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INTERSEC RESEARCH CORP.
London Representative Office

# STRATEGIC PLANNING & MARKETING MANAGER
FOR
INTERACTIVE GLOBAL PORTFOLIO INVESTMENT SYSTEM

THE CHALLENGE: To spearhead the modular expansion of a unique and state-of-the-art, software system. You would have responsibility in the U.K. and Europe for a multi-currency portfolio management and accounting software system. Team effort with colleagues in U.S. and Japan.

THE PERSON: Listens—thinks—then acts. Eclectic; e.g. university graduate, entrepreneurial, dedicated, hardware and software literate, negotiating skills, international investment acumen. Willing to roll up your sleeves and sell. A leader who plans on succeeding, and thus *upwardly mobile into* senior management.

THE FIRM: 12 years old, InterSec Research is the only consulting *firm* in the world concentrating exclusively on providing a full range of international investment services. With only 30 people worldwide, we *nonetheless serve some 120 major fiduciaries in 12 countries:* banks, insurance companies, investment groups and pension funds. Our underlying function is to further our clients' efforts in internationalising their *investment process and their business strategies. But don't ask us—* ask our clients.

*THE REWARDS: Importantly, of two kinds.* The financial package will be right if the chemistry is right, e.g. salary commensurate with experience, plus performance related bonus. The psychic kicks come from becoming part of an elite team of world-renowned specialists in the fastest growing area of the investment industry—international.

*Please send c.v., with salary history, to David Booker, our London* partner. All replies will be acknowledged and treated with the strictest confidentiality.

P.S. If you haven't noticed, we also have fun.

30 GRESHAM STREET
LONDON EC2V 7AY
TELEPHONE: 01-606 3090
FAX: 01-600 7027
TELEX: 8813462

# PRODUCT MARKETING

## ON-LINE FINANCIAL INFORMATION SERVICES

The Information Services Division of the Stock Exchange has become a leading provider of on-line information and trading support systems to financial institutions in the UK. Due to the dramatic growth and development of Topic, our videotext information system, we need to expand the Product Marketing Group, generating exciting opportunities for young creative professionals within the financial markets.

Working within this specialist team you will enjoy a highly visible role managing and enhancing existing products, whilst defining, recommending and packaging new products for launch.

Ideally a graduate with at least two years' experience in marketing, support, or financial services you are likely to possess an understanding of either the securities markets, on-line information services, or PC hardware and software.

These positions offer excellent prospects for career development and you will receive a comprehensive remuneration package which includes free season ticket and non-contributory pension scheme.

For further information please contact our recruitment consultant Paul Chambers as soon as possible on 01-387 4549 (office hours until 7.30 p.m.). Alternatively, send your CV to:

Greenfield Human Resources Ltd.,
40 Triton Square,
London NW1 3HG
Please quote ref: PC/2101

THE STOCK EXCHANGE

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# Head of Investment Administration

## - International Fixed Income Group -

Bankers Trust Company

The Investment Management Group of Bankers Trust Company is one of the major growth areas of the Bank. As a result, this new senior appointment has become essential to future development. It offers an exciting and unique career challenge.

You would take full managerial responsibility for the administration of the Fixed Income activity. Reporting to the Director, the role involves providing a positive contribution to the management and development of the administrative function including the implementation of special projects. There is also extensive client liaison and reporting responsibility.

Applicants, ideally aged early 30's, should have a successful track record of managing the settlements, accounting and administrative procedures of international fixed income and currency instruments. You should also have the maturity to take over the management of a team of administrators and to assume additional responsibilities as the business grows. A sound knowledge of computer systems, taxation and legal agreements would be an advantage.

The position carries a high basic salary, with excellent banking benefits including a car. You would have the opportunity to make a major impact on the development of this important business area and develop you own career within a premier organisation.

Interested candidates should contact Sarah Beaumont on 01-629 8070 or send a detailed curriculum vitae quoting ref L. 183 to her at Slade Consulting Group (UK) Limited, Metro House, 58 St. James's Street, London SW1A 1LD. All applications will be treated in strictest confidence.

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SLADE CONSULTING GROUP (UK)

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# ACCOUNT EXECUTIVE – CREDIT INSURANCE

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Our clients are a progressive international Lloyds Broking Group operating a very successful UK Credit Insurance Division. They are seeking to expand and develop this aspect of their operations and as a result need to recruit an Account/Servicing Executive. In conjunction with servicing existing accounts the successful applicant will play an essential role in the production and development of new business, the potential for which is quite substantial. Success in this key area will be rewarded appropriately. Applicants should be aged 25-35 and be experienced in servicing the Credit Insurance needs of a wide range of UK commercial and industrial clients in the context of their UK operations. Salary will be in the region of £16,000 pa and benefits include car, free medical insurance, pension, life assurance benefits and free restaurant. Applications in strict confidence under reference AECI/18690/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

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# Appointments Advertising

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*For further information, call:*

**Daniel Berry**
**01-248 4782**

**Emma Cox**
**01-236 3769**

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Murray Johnstone is a leading independent fund management group located in Glasgow currently managing assets worldwide of over £3,000 million concentrated in Investment Trusts, Pension Funds, Venture Capital Companies, Unit Trusts, and International Joint Venture Companies.

# Investment Management

Investment management is our only activity and as a result of consistently sound performance and independence, funds under management continue to grow rapidly. As a consequence of this expansion we wish to recruit ambitious people as potential investment managers.

Applicants, in their late twenties, should have a good degree preferably with a mathematical or financial bias, a professional qualification and a successful career record to date. Experience of decision taking in a commercial environment, although not necessarily in investment management, would be a major advantage.

After a period of introduction to Murray Johnstone's methods and approach, successful candidates can look forward to a rewarding and demanding career with specific management responsibilities in one of the most successful and fastest growing investment groups.

MURRAY JOHNSTONE

Those interested should request an application form by writing quoting ref. AMH/01/FT to or telephoning:
Mrs. Sheila Lamont,
Murray Johnstone Limited, 163 Hope Street,
Glasgow G2 2UH. Tel: 041-221 9252.

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## NEW JAPAN SECURITIES EUROPE LIMITED

### FIXED INTEREST SECURITIES TRADING/SALES

Due to the expansion of our business, a number of positions have arisen on the trading and sales side of the fixed interest securities desk. Applications will be considered from positive, well-educated people aged 20 to 30 with a wide interest in financial and economic affairs and who are prepared to work in multi-national/Japanese environment. Previous experience, whilst an advantage, is not essential since training will be provided. Knowledge of foreign languages would be beneficial.

The posts offer significant career prospects as well as opportunities for overseas travel.

Remuneration will be competitive and commensurate with experience.

Please apply in writing with a full curriculum vitae to:
David Bennett
Cannon Recruitment Consultancy RECRUITMENT
35/36 Great Marlborough Street,
London W1V 1HA

Cannon

The application should be received by us by 6 February 1987

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*Appointments Wanted*

**BUSINESS GRADUATE 26**

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*Financial Times*
*10 Cannon Street*
*London EC4P 4BY*

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German speaking

# BROKER

A leading North American securities house is currently seeking a young, German-speaking Broker to join its highly-regarded institutional equity sales team in London.

The ideal candidate will be aged mid-20s to early 30s, with a minimum of two to three years' experience selling equities in Europe. Good sales skills and a high degree of motivation are essential, as is the ability to work as part of a team in a relaxed but competitive environment.

An attractive performance-related remuneration package is offered.

Interested applicants should write to:
*Box A0382, Financial Times*
*10 Cannon Street, London EC4P 4BY*
enclosing a comprehensive curriculum vitae.

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New YORK

# BERMANS

Need a confident, highly-motivated assistant Solicitor for their fast-expanding, mid-town office. High Court and insolvency experience essential Work includes management of litigation in England, together with international litigation in a very large number of jurisdictions. Substantial salary, benefits and prospects. Exceptional opportunity for an ambitious lawyer with good academic background.

*Please send full cv, marked strictly private, to:*

**Keith Berman**
**630 Third Avenue, New York NY 10017-6797 USA;**
**or to Ian Short**
**BERMANS, 31/33 Dale Street, Liverpool L2 2NS**

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# Investment Analyst

**W.1.** **£ Neg**

An exciting opportunity has arisen for a U.K. or European analyst to join a new specialist European Investment team at Merrill Lynch Asset Management, one of the world's leading mutual fund management groups. Scope exists for an experienced individual to extend their existing market or sector expertise into new areas.

This is an important appointment which will be reflected in an attractive compensation package. Please write with full C.V. to Keith Robinson, Personnel Services Manager, Merrill Lynch Europe Ltd, 27 Finsbury Square, London EC2A 1AQ.

Merrill Lynch

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# INVESTMENT EXECUTIVE

## PRIVATE CLIENTS TO £30,000

You will have comprehensive experience of portfolio and cash international markets to join this major merchant banking UK securities market and have a working knowledge of international market to join this major merchant banking group.

Our clients seek an individual, preferably a graduate, with stock exchange exams completed and a good knowledge of personal taxation, to provide a professional service to private clients on all aspects of managed and advisory portfolios. Usual banking benefits. Age 28/35.

*For further details telephone:*

ROBERT MILNE 01-631 5045
CRAWFORD RECRUITMENT SERVICES

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# Portfolio Manager/Investment Advisor

Nassau, Bahamas, subsidiary of Bank Leu A.G. wishes to engage an investments expert for a senior position in their Private Banking Division. Previous experience in a wide variety of financial instruments in Asian, European and particularly U.S. markets is important. Responsibilities include making investment decisions for managed, discretionary portfolios as well as counselling clients who want investment advice. Considerable scope for initiative and imagination. Ideal candidate would preferably be Swiss national, at least thirty-five years old, with a good personality and a successful record in investments. Initial contract would be for three years, renewable thereafter, with attractive tax-free compensation package that includes salary fully commensurate with experience and ability, annual performance bonus, housing allowance and other benefits.

*Interested candidates should apply in confidence to*
The Managing Director
BANK LEU INTERNATIONAL LIMITED
P.O. Box N3926, Nassau, Bahamas
*with full details of experience in investments.*

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# EUROEQUITIES TO £38,000

## TRADERS & RESEARCH ANALYSTS

ARE REQUIRED FOR A LEADING US STOCKBROKING AND INVESTMENT BANKING FIRM

Candidates, probably aged 26-40, should ideally have relevant experience of European or other equity markets. Knowledge of European languages would be particularly useful

*Replies in the strictest confidence to the firm's appointed advisers:*

*Box A0376, Financial Times*
*10 Cannon Street, London EC4P 4BY*

FINANCIAL TIMES
Wednesday January 21 1987





# Citicorp profits top $1bn in full year

By William Hall in New York

A STRONG fourth quarter enabled Citicorp, the biggest US banking group, to report earnings of more than $1bn for the first time in its history. With total assets growing 13 per cent to $196.1bn it is now more than twice the size of its closest New York rival, Chase Manhattan.

Citicorp's earnings rose 26 per cent in the final quarter to $306m, or $2.03 a share, and its full year net income was up 6 per cent at $1.06bn, or $7.13 a share.

Among the other major New York banks reporting yesterday, Chase Manhattan saw a 4 per cent rise in 1986 net income to $585m, or $6.63 a share, while Manufacturers Hanover reported full-year earnings before special items of $410.7m, or $8.80 a share, compared with $407.7m, or $8.38 a share, in 1985.

Yesterday's earnings figures from the big New York money centre banks, which continue to be affected by sluggish loan demand and heavy overseas loan exposures to troubled third world countries, contrast with the continued rapid growth of many regional US banks which also reported their results yesterday.

Security Pacific, the Los Angeles-based group, posted a 19.5 per cent rise in 1986 net income to $385.9m, or 4.86 a share, while Wells Fargo & Co, its San Francisco rival which recently acquired Crocker National from Britain's Midland Bank, reported a 44 per cent rise in full-year net income to $273.5m, or $5.03 a share.

Bank of Boston, the leading New England bank, increased its net income in 1986 by 34 per cent to $232.8m or $3.69 a share.

The only weak spot in yesterday's batch of US bank results came from Texas, where Texas Commerce Bancshares, which recently agreed to be acquired by New York's Chemical Bank, reported a fourth-quarter loss of $21m and non-performing loans of close to $1bn.

Citicorp's earnings growth continues to be powered by its increasingly important retail and consumer banking operations which increased their contribution by 41 per cent to $482m last year.

The contribution of the segment called investment banking – products delivered to corporations, governments and financial institutions – also reported strong growth.

However, results from other investment banking products not related to institutional customers were down on the year as lower trading results and rapid expense growth offset solid revenue gains.

Chase Manhattan says that its improved performance reflected increased net interest income and higher other operating income, including substantial increases in virtually all fee-based income categories. However, this was offset by higher loan-loss provisions and increased expenses.

Manufacturers Hanover, which recognised an extraordinary after-tax charge of $33.5m in the fourth quarter to cover the early repurchase of high-interest debt, reported sharply higher revenues from investment banking offset by a $236.1m increase in annual loan-loss provisions to $858.9m.

## Kone to acquire Italian lift-maker

By Alan Friedman in Milan

KONE OJ, the Finnish lift manufacturer quoted on the Helsinki and Stockholm bourses, has agreed to acquire Fiam, a family-owned Italian producer of lifts with headquarters in Milan.

ABK, an Italian investment banking group partly owned by Kleinwort Benson, has helped organise the deal, which will see Kone Oj acquiring Fiam for a price believed to be about L25bn ($19.2m).

# Samsung halts £17m UK investment plan

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

SAMSUNG, the diversified South Korean manufacturing group, has called a halt to its plans to invest £17m in a microwave oven plant in the UK because of suggestions that the EEC may impose sanctions on imported components.

The investment at Billingham, in the north east, was claimed when it was announced only three months ago to be the first South Korean manufacturing venture in Britain. Initial expenditure of about £3.5m was expected to rise within five years to £17m, with employment going up from 150 to 500 within five years.

Samsung had been due to hand out contracts for equipping the plant, an old Rediffusion television facility, within the next few weeks. But Mr C. J. Chang, director of Samsung UK, said last night that the company would not go ahead with the orders until the EEC's intentions on component imports had been clarified.

"We have expressed our concern on this subject to the EEC, and and we made it very clear that if legislation is enforced it may mean the cancellation of the UK manufacturing project," he said. Even if the EEC did not go ahead with the proposals, he added, the planned opening of the Billingham unit would now be delayed from the target date in June this year.

A withdrawal by Samsung would be a serious blow to the north east region because of the prospects for expansion of the plant. The South Korean company has emerged in recent years as one of the most dynamic of the new generation of Far Eastern electronics producers, and was intending to expand the range of products at Billingham from microwave ovens to include videocassette recorders and eventually televisions.

The company's decision to try and put pressure on the EEC to withdraw its proposals follows the first draft of plan circulated in Brussels earlier this month which would restrict the siting of "screwdriver type" assembly operations in Europe. The aim of the plan, which has not yet been put together as a formal proposal for the Council of Ministers, is to prevent Far Eastern manufacturers from exporting parts rather than finished products.

Mr Chung said last night that Samsung's solicitor in Brussels had confirmed that sanctions against South Korean parts were a possibility under the draft proposals.

Initially, he added, the group would need to import around 70 to 80 per cent of the parts for its microwave ovens until it set up satisfactory supply lines in the UK. It was likely, he believed, that the EEC would want to impose duties of 20 per cent and 30 per cent on imported parts, and this might be too "burdensome" for Samsung to accept.

# Wang hit by $37m restructuring charges

BY OUR NEW YORK STAFF

WANG Laboratories, the US manufacturer of minicomputers and word processing systems, lost $78.6m, or 49 cents a share, in the three months to December, the second quarter of its 1987 fiscal year.

The loss included charges of $37m which were connected with a sweeping restructuring operation intended to improve profitability and sharpen the marketing of its recently revamped product line.

The company warned two weeks ago that it would report an operating loss of at least $35m in the December quarter, on top of large special charges.

Of the $37m charges revealed yesterday, $7m were due to employee severance payments and consolidation of manufacturing facilities and $30m to inventory write-downs.

Wang's share price improved by $⅝ to $14½ yesterday lunchtime, shortly after the results announcement. This compared with highs of more than $40 in 1983.

Wang's second quarter loss of $78.9m compared with net earnings of $21.7m in the December quarter of 1985. In the six months to last December, Wang lost $108.6m, or 69 cents a share, against a net profit of $28.7m or 20 cents a share a year earlier.

Revenues in the December quarter were down 2 per cent to $668.9m, while in the six month period they were 2 per cent up at $1.27bn.

Despite the latest drop in revenues, the company said that new orders had strengthened considerably.

At $763.3m, orders in the December quarter were up 12 per cent on a year earlier and 9 per cent higher than the record level achieved in the September quarter last year.

Because of the high order rate Mr Frederick Wang, the company's president, said he was "increasingly optimistic" about prospects.

Mr John Sculley, Apple chairman.

# Sales rise fails to lift Apple

By Louise Kehoe in San Francisco

APPLE COMPUTER, the US personal computer manufacturer, has reported flat earnings on increased sales for the first fiscal quarter ending December 26 1986.

Net sales were up 24 per cent to $662.3m compared to $533.9m in the same period a year ago. First quarter earnings were $58.5m, or 91 cents a share, virtually unchanged from last year's first quarter earnings of $56.9m or 91 cents per share.

Mr John Sculley, Apple chairman and chief executive, said that holiday promotions, which included cash-back and special price offers, were extremely effective in generating sales over Christmas, but noted that the promotions resulted in higher marketing costs during the quarter.

"We still foresee a difficult comparison in our second fiscal quarter due to gross margin pressure and increased spending associated with new products we plan to introduce," he said, repeating warnings that Apple expects reduced earnings in the second quarter ending March 27.

Apple is widely expected to introduce new versions of its Macintosh business personal computer in the second quarter.

The company is said to be developing an "open" model of the Macintosh that can accept add-on circuit boards to boost its performance, as well as a larger screen version aimed at engineering and design applications.

Apple is confident of achieving a strong performance in fiscal 1987, Mr Sculley said. In earlier statements, Apple has forecast a 20 per cent growth in sales and earnings for the year with most of the growth occurring in the second half.

FRENCH AIRCRAFT GROUP TO CUT 833 JOBS AS ORDERS FALL

# Uncertainty clouds Dassault future

**Paul Betts looks at the problems confronting the state-controlled aircraft manufacturer and its power-struggle with the government over a decision on whether to allow it to go ahead with its prototype Rafale fighter.**

DASSAULT-BREGUET, the French state-controlled aircraft manufacturer, which makes Mirage jets, has been forced to cut jobs for the first time, because of declining orders and uncertainty over the future of its Rafale fighter prototype.

The company, now run by Mr Serge Dassault, son of the founder Marcel Dassault who died last spring, announced to its labour unions this week that it would cut 833 jobs next June to reduce the group's workforce to around 15,000.

Last October Dassault-Breguet warned of the need for job cuts because of the insufficient level of new orders. But at the time, the company indicated that it would need to cut its workforce by about 750.

For Dassault-Breguet, already struggling to win new orders for its military aircraft, this year also started badly. The company had hoped to clinch a FFr 1.6bn ($266m) order from the Swiss Airforce for 20 of its Alphajet military training aircraft. But the Swiss surprised the French company by opting this month for the Alphajet's UK rival, the Hawk.

This week Dassault-Breguet also said new orders last year had slumped to FFr 7.7bn from FFr 16.4bn the year before.

The unions say the company's sales last year declined to about FFr 14bn from FFr 16.1bn in 1985 and that 81 new aircraft were ordered last year while 135 were delivered in 1985.

Some analysts expect the company to report a 12 per cent decline in consolidated net profits to around FFr 480m last year compared with FFr 547m the year before.

The dollar's decline is also posing a problem for Dassault's exports by enhancing the competitiveness of its US rivals, especially the McDonnell-Douglas F-16, which is competing directly with Dassault's Mirage 2000.

Many of the French company's traditional markets in the Middle East have been hit by the fall in oil prices. Dassault is intensifying its sales efforts abroad and is hoping to gain contracts in, for example, Egypt and Morocco.

In France, the company is awaiting a decision from the French Government to launch its new Rafale advanced fighter aircraft programme. Mr Serge Dassault has estimated that there is a potential market for about 1,000 of the aircraft and that once given the French Government greenlight the fighter would be operational before 1996.

The Rafale prototype has successfully completed its inital test flights and the company has repeatedly said it is open to co-operation on its development and production.

Although the prototype is intended to lay the basis for France's advanced combat aircraft to enter service in the 1990s, the Government has been dragging its feet, partly because of a power struggle between Dassault and Mr André Giraud, the Defence Minister.

The struggle broke out after the death of the company's founder last April over management control of the aerospace group.

Mr Dassault owns 49.7 per cent of the shares in the company, through his family. The French Government owns 46 per cent but double voting rights on some shares gives it effectively 55 per cent control.

However, Mr Dassault won the first round by becoming chairman last October, although the Government still holds some crucial cards, including the decision on the Rafale.

# Jacobs-Suchard boosts payout and plans to raise SFr 504m

BY JOHN WICKS IN ZURICH

JACOBS-SUCHARD, the Swiss coffee and chocolate group which is contemplating a takeover bid for hero, a local foods company, yesterday reported increased profits for 1986 and said it planned to pay a higher dividend.

Last year's profits have risen about 27 per cent to about SFr190m ($128.8m). Turnover is put at about SFr 5bn excluding Van Houten and trading activities. The dividend is to rise from SFr 155 to SFr 160 per bearer share.

An extraordinary general meeting will be asked today to approve raising about SFr 504m by a series of rights issues. At the same time bearer shares will be issued without drawing rights and reserved for convertible or warrant-bond issues, acquisitions, placings or other transactions, Jacobs said.

Jacobs has bought no further shares in Hero since stock market trading was resumed last Friday. The company recently announced that it had purchased almost one-third of Hero's capital.

By refraining from buying further shares for the time being, the company hoped to contribute towards an understanding with Hero, said Jacobs. Hero has said it opposes a takeover by Jacobs.

However, Jacobs would buy further Hero shares later "at market conditions" and said it was "not out of the question" that a bid would be made to Hero shareholders.

Jacobs stressed that there was no link between today's capital moves and Hero. It said the recent takeover of Brach's – the US confectionery company for $730m – was strategically and financially more important than any possible Hero transaction.

Brach's has sales equivalent to SFr 815m (Hero turnover was SFr 425m in 1985) and will lift Jacobs' US turnover to about 19 per cent of the group total.

## Franz Haniel buys US foods group

By Our Financial Staff

FRANZ HANIEL, the West German transport and trading group, has acquired Quinn Wholesale, the US foods group with sales of around $250m and a workforce of some 300.

The takeover was made through Haniel's US arm, Scrivner, which notched up a turnover of $2.75bn in 1985.

Haniel, which is one of Germany's largest privately-owned companies, reported modestly improved net profits for 1986 despite a cut in turnover.

Turnover dipped from DM 12.7bn ($7m) to DM 10.6bn, largely because of the weakness of the dollar

# R. J. Reynolds to move to London

BY LISA WOOD IN LONDON

R.J. REYNOLDS Tobacco International, the international tobacco arm of R.J.R. Nabisco, the US tobacco and food group, is to move its headquarters to London from Winston-Salem, North Carolina.

The move, which will be completed by midsummer, is part of a major re-structuring at R.J.R. Nabisco, which is moving its corporate headquarters from Winston-Salem to Atlanta, Georgia.

Mr Lester Pullen, chairman and chief executive of R.J. Reynolds International said the time had come for the company to be located in a major world centre that reflected its size and scope.

The company's major international cigarette brand is Camel, with others including Winston and Salem. In the UK, the company also sells Dorchester.

Cigarette sales account for some 48 per cent of R.J.R. Nabisco's group sales. The US market accounts for some two thirds of its cigarette volume sales.

Most cigarettes sold by the group abroad are manufactured overseas.

# Klöckner-Werke turnover falls

BY PETER BRUCE IN BONN

KLÖCKNER-WERKE, one of West Germany's big private sector steel and engineering groups, said yesterday that its worldwide turnover for 1985-86 fell 1.5 per cent to DM 7.5bn ($4.16bn) following a 9.4 per cent fall in sales abroad.

The group said raw steel output fell 6.8 per cent to 4.3m tonnes, while rolled steel production also fell, by 5.6 per cent to 4.1m tonnes. Reductions of this size have been reported by most West German steelmakers recently, following a year of ruinous price competition among European producers.

The year nevertheless represents something of a success for the group because, according to Mr Herbert Gienow, its chairman, turnover in what he called processing activities was higher than in steelmaking for the first time.

Sales of plastics machinery fell 2.6 per cent to DM 409m but special machinery turnover rose 21.4 per cent to DM 2.4bn, the group said.

# Dome Mines in plan to raise C$100m

BY BERNARD SIMON IN TORONTO

DOME MINES, the Canadian gold producer which is the largest shareholder in the ailing Calgary energy group Dome Petroleum, is to strengthen its balance sheet with a public offering of between 7m and 9m shares worth about C$100m (US$73.6m).

Dome will use C$44m of the proceeds to repay debt and the remainder to increase working capital. Dome Petroleum, which is also Dome Mines' biggest shareholder, will not take up its entitlement, thus reducing its interest in the mining group from 23.2 per cent to less than 22 per cent. The share issue will increase Dome Mines' equity base by about 10 per cent.

The two companies are exploring ways of severing their links. A Dome Mines official said yesterday that the mining company and its two subsidiaries, Campbell Red Lake Mines and Sigma Mines, had sold several million Dome Petroleum shares. Dome Mines has reduced its holding in Dome Pete to 19.5 per cent and the two subsidiaries have disposed of all their shares.

Dome Mines has also asked four Canadian banks for a release from its guarantee on C$225m of Dome Petroleum's debt. The official said that negotiations were continuing.

Meanwhile, Dome Petroleum has agreed to help maintain an orderly market in Dome Mines shares during its equity issue. The oil producer will not put any Dome Mines shares on the market for the next 60 days. The Dome Mines share issue is underwritten by the Toronto securities firms Dominion Securities, Wood Gundy, Burns Fry and Gordon Capital.

● Cominco, the Vancouver-based metals and fertiliser group, plans to reduce its C$700m debt by disposing of assets or creating openings for partners in existing ventures, the company's new chairman, Mr Norman Keevil, said.

Efforts to put Cominco on a sounder financial footing are the latest in a series of rapid moves by the Canadian, West German and Australian consortium which bought control of the company from Canadian Pacific last October.

The consortium, consisting of Teck Corp of Vancouver, Metalgesellschaft and Mim holdings of Australia, has already installed new senior management at Cominco and restructured the board of directors. A senior Metalgesellschaft official will shortly take over as head of Cominco's metal sales department.

Mr Keevil, who is also president of Teck, said that Cominco "is a highly attractive company on the asset side and the job is to make the debt side compatible with today's economic conditions."

● Noranda, another of Canada's big resource groups, has reversed plans to sell part of its 87 per cent owned oil and gas subsidiary Canadian Hunter.

Noranda chairman Mr Alfred Powis said that debt had been reduced sufficiently without having to sell Canadian Hunter. In addition, he said that low oil prices would make it difficult to realise Hunter's "long-term value".

# INTL. COMPANIES AND FINANCE

## Salomon warns of 39% downturn

By Our New York Staff

SALOMON INC, one of the biggest Wall Street investment banks, warned yesterday that it expected to report a 39 per cent drop in its fourth quarter net income to $80m, or 53 cents a share, mainly because of sharply increased staff costs at its expanded London and Tokyo operations.

The group took the unusual step of releasing an earnings estimate to the Dow Jones news service after the close of business on the New York Stock Exchange.

News of the group's earnings downturn comes as a surprise – many observers had thought that the buoyant financial markets in 1986 and the record pace of merger and acquisition activity would enable the company to post record 1986 earnings.

However, Mr John Gutfreund, Salomon chairman, said that while the company's fourth quarter revenues rose modestly from last year's $8.59bn, the improvement was outstripped by cost increases.

For the year Salomon expects to report net earnings of $515m, or $3.45 a share, compared with $557m, or $3.78 a share, in 1985. The company says that a major portion of the cost increase was a 40 per cent rise in personnel during 1986 – to 6,000 – in the company's brokerage operations.

Most staff increases occurred in Tokyo and London where the company has recently moved into larger premises.

Salomon also blamed the downturn on a sluggish market for securities and government bonds in late December.

Salomon's Phibro energy business also turned in sharply lower profits in the final quarter.

## Kaiser Aluminum reduces loss to $18.3m in fourth quarter

BY WILLIAM HALL IN NEW YORK

KAISER ALUMINUM & Chemical Corporation, the US West Coast aluminium producer which recently lost a proxy battle of more than a year with Mr Alan Clore, the British investor, has posted a $18.3m fourth-quarter loss and reported sharply higher losses on its core aluminium business. This compares with a $107.8m deficit last time.

Sales for the quarter were $554.8m, against $512.5m, taking the year's total to $2.22bn, from $2.03bn last time.

Mr Cornell C. Maier, Kaiser's chairman, said the group's aluminium division increased its operating losses from $2.8m in the third quarter to $32.9m in the fourth quarter due to "a less favourable product mix caused by a 16 per cent decline in fabricated products shipments.

"However, the company expects its fabricated products shipments will increase in the current quarter and is optimistic that economic and industry gains will allow further gains in later quarters."

For the full year Kaiser cut the operating losses of its aluminium division from $153m to $94.2m by reducing its raw material and primary metal production costs and by increasing fabricated products output and sales volume.

Aluminium shipments rose by 13 per cent in 1986 to 840,800 tonnes.

The company says a 3 per cent drop in prices for US fabricated aluminium products offset a large part of its 1986 cost cuts but it is confident that it can further reduce costs in the next 18 months.

Kaiser lost $32.7m, or 82 cents a share, in the year to end December 1986, compared with $186.5m, or $4.33 per share, in 1985. Comparison of the two years' figures is complicated by special factors which distorted earnings.

The 1986 earnings include $21.7m of net income from discontinued operations and a $59.4m pre-tax loss from the write-down of oil and gas reserves.

A $54.5m gain from the sale of Kaiser Development Company was also included, and a $32.5m pre-tax gain on the cancellation of a natural gas contract.

A $16.9m pre-tax gain on the sale of a stake in Anglesey Aluminium and a $20.2m pre-tax gain following new accounting standards were also among the special factors.

Last month Kaiser approved a restructuring plan under which Mr Clore, who controls 30 per cent of Kaiser's equity, would inject $140m of new equity and become chairman of a new holding company. Shareholders are expected to vote on the proposal in March.

## Raytheon lifts revenues despite flat earnings

BY JAMES BUCHAN IN NEW YORK

RAYTHEON, the diversified US electronics company, yesterday reported booming revenues in the fourth quarter but only flat earnings of $99.8m, against $98.7m in the last quarter of 1985.

However, the company's aggressive programme of share repurchase reduced the average outstanding equity by 4 per cent and per share earnings were $1.32 against $1.26.

Earnings for the year were up 4 per cent, at $393.2m or $5.10 a share. The slow progress was partly accounted for by the phasing out of investment tax credits under the new tax law. This reduced earnings for the year and the quarter by $8.1m.

Despite growing competition and slower growth in the US defence industry, Raytheon's sales revenues advanced strongly with an increase of 20 per cent to $2.04bn in the final quarter and 14 per cent, to $7.3bn, for the year as a whole.

Raytheon, maker of the Hawk and Patriot missile systems, has recently qualified as second-source supplier on five Pentagon contracts.

Raytheon's order backlog stood at $7.77bn, up 20 per cent.

● IC Industries, the Chicago conglomerate in the throes of a drastic reshaping, yesterday reported fourth-quarter earnings from continuing businesses up 21 per cent at $69.9m, or 62 cents a share, against $57.4m, or 52 cents a share.

## Champion Intl. profits up 69% in quarter

By Our Financial Staff

CHAMPION INTERNATIONAL, the world's largest paper producer, lifted fourth-quarter net earnings by 69 per cent to $64.5m, or 67 cents a share, from $38.1m, or 37 cents.

This took the full-year total to $201m, or $2.05, against $163m, or $1.59, last time. The results reflect generally strengthened conditions throughout the industry as well as cost-cutting and increased productivity.

Revenues for the year totalled $1.1bn, compared with $1.2bn previously, despite a fall to $4.4m in the quarter from $5.8m.

The board is recommending an increase in the dividend to 16 cents from 13 cents.

## North American quarterly results

**BALL CORPORATION**
Packaging, Aerospace

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | 251.9m | 253.8m |
| Net profits | 11.3m | 10.5m |
| Net per share | 0.49 | 0.46 |
| Year | | |
| Revenue | 1.07bn | 1.11bn |
| Net profits | 58.9m | 61.2m |
| Net per share | 2.55 | 2.24 |

**DOVER**
Electronic, machinery

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | 373.2m | 358.9m |
| Net profits | 25.9m | 31m |
| Net per share | 0.76 | 0.88 |
| Year | | |
| Revenue | 1.44bn | 1.44bn |
| Net profits | 83.8m | 100m |
| Net per share | 2.42 | 2.83 |

**ETHYL**
Specialty chemicals

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | 390.4m | 375.4m |
| Net profits | 45.8m | 37.8m |
| Net per share | 0.36 | 0.30 |
| Year | | |
| Revenue | [illegible] | [illegible] |
| Net profits | 177.7m | 117.1m |
| Net per share | 1.49 | 0.91 |

**MELLON BANK**
Bank holding company

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | – | – |
| Net profits | 15.6m | 45.0m |
| Net per share | 0.42 | 1.57 |
| Year | | |
| Assets | 34.50bn | 33.41bn |
| Net profits | 183.3m | 201.7m |
| Net per share | 6.20 | 7.13 |

**BANK OF BOSTON**
Banking

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | – | – |
| Net profits | 64.8m | 43.8m |
| Net per share | 1.03 | 0.69 |
| Year | | |
| Assets | 34.05bn | 26.2bn |
| Net profits | 232.8m | 173.8m |
| Net per share | 3.66 | 2.82 |

**EMERSON RADIO**
Entertainment equipment

| Third quarter | 1986-87 $ | 1985-86 $ |
|---|---|---|
| Revenue | 217m | 164.4m |
| Net profits | 9.2m | 1.5m |
| Net per share | 0.24 | 0.04 |
| Nine months | | |
| Revenue | 617.2m | 413m |
| Net profits | 25m | 8.2m |
| Net per share | 0.67 | 0.24 |

**FANNIE MAE**
Mortgages

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | – | – |
| Net profits | 61m | 20.5m |
| Net per share | 0.60 | 0.28 |
| Year | | |
| Revenue | – | – |
| Net profits | 183m | 36.9m |
| Net per share | 2.49 | 0.52 |

**NORTHERN TRUST**
Banking

| Fourth quarter | 1986 $ | 1985 $ |
|---|---|---|
| Revenue | – | – |
| Net profits | 14.7m | 11.3m |
| Net per share | 0.89 | 0.71 |
| Year | | |
| Assets | 9.69bn | 7.59bn |
| Net profits | 82.2m | 34.1m |
| Net per share | 3.24 | 2.07 |

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## World Bank taps DM and Australian dollar sectors

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE World Bank yesterday tapped two of the currency sectors of the Eurobond market which have caught investors' attention amid the dollar's slide on the currency markets, issuing bonds in D-Marks and Australian dollars.

The D-Mark and European currency unit sectors have benefited most from the dollar's fall in generally cautious market conditions since New Year, and the bank's issue, at DM 700m, was the largest in that currency so far this year.

Even though D-Mark bond prices eased a ¼ point on profit-taking amid some uncertainty about the Bundesbank council's deliberations tomorrow, the World Bank's issue appeared to hit the mark. Even though there is some investor resistance to recent new issue yield levels, dealers said there is demand for good quality straight paper.

Led by Deutsche Bank, it is for 10 years, and carries a coupon of 5¾ per cent with par pricing. The issue was traded at discounts well within its 1¾ per cent total fees, with the lead manager bidding it at 1¼ below issue price.

In Australian dollars, the World Bank made a A$75m issue led by Orion Royal Bank. The terms were generally seen as aggressive by the market but nevertheless the bond was expected to perform reasonably well. The five-year bond carries a 14¼ per cent coupon and a price of 101½.

The Australian dollar sector was buoyed yesterday by better than expected December current account figures from Canberra, even though these still showed a substantial deficit. In addition, the flow of deals into the Euromarket is fairly steady without turning into a deluge.

INTERNATIONAL BONDS

Though some dealers see the domestic government bond market as relatively fragile, the appetite for Australian dollar paper from Continental and North American investors remains hearty if not ravenous. Societe Generale Australia's issue, originally set at A$35m, was increased yesterday for the second time from A$40m to A$50m.

The Ecu sector also saw one new issue as borrowers and syndicate managers sought other niches for non-dollar paper. Nederlandsche Gasunie, the Dutch utility, issued Ecu 50m of seven-year bonds with a coupon of 7½ per cent and price of 101⅛, led by Mitsubishi Finance.

Issued alongside the bonds—and part of a package for managers, though not necessarily for end-investors—were 50,000 warrants to buy the bonds with the same terms, exercisable between February and November this year.

The warrants, being offered at Ecu22, were seen as expensive given their short exercise period, while the bond's terms were seen as tight but acceptable.

The dollar sector also saw one issue, for Nisshin Steel of Japan, with the guarantee of Sanwa Bank. The $70m five-year deal was priced to give a yield of 100 basis points over US Treasuries, with a coupon of 7⅝ per cent and price of 101½. It was led by Nomura International.

Dealers said demand was seen from buyers keen to use the issue as the basis for asset swaps which would give an attractive yield above Libor, as well as from fixed-rate investors.

Kobe Steel is also expected in the dollar market shortly with a $100m issue, and Austria is likely to raise $200m with a 10-year deal.

In Canadian dollars, the City of Montreal made a C$85m 10-year issue with a 9 per cent coupon and price of 101¾, giving a yield over Canadian Treasuries at launch of 64 basis points. The issue, led by Societe Generale, was bid at discounts equal to the total fees.

In Switzerland, Swiss Bank Corporation led a SFr 150m 10-year issue for Hokkaido Electric Power, priced at 100¼ with a 4¾ per cent coupon. Daiwa Bank's SFr 100m convertible had its coupon cut from 2 to 1¾ per cent. Swiss franc bonds were mixed in fairly heavy trading. Oesterreichische Kontrollbank's SFr 200m issue closed its first day's trading at 99 against a par issue price.

## CBOT to trade bond futures index

By David Owen in Chicago

THE CHICAGO Board of (CBOT), the world's largest futures and options exchange, has applied for regulatory approval to trade a futures contracts based on a corporate bond index.

If approved, the contract would almost certainly be the first of its type to be traded anywhere. CBOT already lists a string of bond-related contracts, including futures and options on US T-bonds and a futures contract based on an index of municipal bonds.

While certain details have still to be finalised, the foundation of the proposed contract would be a portfolio of long-term, high-grade corporate bonds with a combined nominal value of $100,000.

The exchange intends the index, which will comprise 100 bonds, to be broadly representative of all sectors and coupons, not just new issues. Ratings will range from BBB to AAA.

At this stage, updates are planned at quarterly or half-yearly intervals. However, the exchange is anxious to keep adjustments to a minimum following its experience with the munibond contract, where the comparatively rapid turnover is said to have caused traders problems. Despite this, trading in munibonds increased by 171 per cent in 1986 to over 900,000 lots.

The CBOT official said that, while he expected the proposed contract to be "an institutional market in many ways" with prime users expected to be corporations and portfolio managers, it has also been designed to facilitate arbitrage trading with the exchange's T-bond contracts. CBOT T-bond futures remain the world's most actively traded futures contract with 1986 volume totalling 52.6m lots.

The official draw a parallel with the development of the so-called "mob" spread, which traders use to speculate on the price differential between the exchange's T-bond and multibond index contracts.

In the past, many of these seeking to hedge corporate and bond exposure on the exchange have been content to resort to the T-bond contracts. However, officials anticipate that sufficient "specific needs" for a corporate bond-based instrument exist to make the proposed new contract viable.

Clare Pearson on the launch of the latest securitised Eurofacility

## Mortgage bonds make their debut

YESTERDAY's £50m bond issue for National Home Loans—dubbed "Homes"—has launched a securitised market in British home mortgages that has been long flagged but slow to get off the ground.

The background is the rapid growth in mortgage lending in the United Kingdom, and the proliferation of financial institutions competing with the UK building societies for mortgage lending. For such institutions, the reparcelling of mortgage assets and their sale in the international markets provides a means of freeing capital for additional home loans.

For the investors, the process creates issues that are both high quality and relatively high yielding. They have proved extremely popular in the United States, where around $2,000bn such securities are currently outstanding. International investors, moreover, have demonstrated an appetite for bonds backed by US mortgages and a crop of them has recently appeared in the Eurobond market.

Why then have issues backed by UK mortgages been so slow to put in an appearance?

For one thing, the demand from issuers is only just beginning to come through, as rivals to the building societies such as National Home Loans and the foreign banks build up their mortgage portfolios.

The building societies, the traditional providers of mortgages, have had little inducement to tap the wholesale funding market in this way as they have been able to build up an investor following for floating-rate notes issues in their own names. Moreover, they have not suffered the capital restraints which could induce them to incur the costs of arranging an off-balance sheet financing. This factor has also kept the UK clearing banks out of the market.

A borrower that wishes to launch such a bond is faced


with a daunting list of authorisations and approvals. An issue has to be approved by the Inland Revenue and the Bank of England if the originating organisations falls under its regulation.

Further difficulties come from the marketplace. The borrower may pay a premium for such an issue simply because of the complexity of its credit backing. It is more difficult to handle this in the UK than in the US market because there are no equivalents to the US government mortgage-financing organisations.

Additionally, there is an "uncertainty" premium associated with the maturity schedule. In the case of National Home Loan's issue, the final maturity is 2013, but the actual life of the bond is expected to be considerably shorter. If the pool dwindles to £10m the National Home Loans can redeem the bond.

There is also the possibility of defaults and delinquencies on the underlying mortgages. In National Home Loans' case, this is particularly hard to assess since it has only been operating since September 1985.

Complications like these have proved effective deterrents to all but one other issue: a deal issued offshore and backed by UK residential mortgages of Bank of America. This preceded National Home Loans' issue by two years. The main problem with it, in investors' eyes, was that it was unrated.

Salomon Brothers International's deal yesterday will have solved this problem if, as expected, it obtains a triple A rating from Standard & Poor's. The cost of this has been the construction of a complicated insurance backing. The pool of mortgages is guaranteed by Sun Alliance and London Insurance, but there are also assurances of the payment of interest from Financial Security Assurance, a US company that backs financial instruments.

The structure, which resembles the "pass-through" bonds launched in the United States, works like this. NHL First Funding, a public limited company based in Solihull, issues the bond and uses the proceeds to purchase a pool of 1,250 endowment mortgages from National Home Loans. The legal ownership passes to the separate company, but National Home Loans remains responsible for administration.

The insurance guarantees any shortfall between the interest received on the mortgages and the rate payable on the bond. At the moment this presents no problem because National Home Loans' 12¾ per cent mortgage rate yesterday was 105 basis points over the rate on the bonds: three-month London interbank offered rate plus 20 basis points.

With fees totalling 50 basis points, the yield to the investor was more generous than that available on recent UK building societies' floating-rate notes. At this level the issue saw demand from a wide variety of investors, according to Salomon Brothers.

Now it has been shown that these types of issues will work, will there be a host of follow-ups?

Certainly Salomon Brothers may have one up its sleeve for its own mortgage-lending subsidiary, mortgage corporation.

It is not impossible that the building societies will also diversify into this field if they become subject to increased capital constraints and as they reach their 20 per cent limitation on wholesale funding. This may induce them to sell mortgages rather than decrease their lending.

But this development does not look as if it will occur in the near future. Mr Richard Wheway, Halifax Building Society's finance director, said yesterday. "I think we'll be issuing in our own names for the time being."

## Bank of New Zealand ahead midway

BY DAI HAYWARD IN WELLINGTON

THE Government-owned Bank of New Zealand—of which one-third is soon to be sold off to the public—has reported what it describes as record consolidated net profits for the half-year to September 1986 of NZ$69.7m (US$37m).

The bank has not previously published interim results.

As sole shareholder, the Government will receive an interim dividend of NZ$10m compared with NZ$6m for the corresponding period of the previous year.

Last year the Government announced it would sell NZ$100m worth of shares in BNZ to the public, and this is due to happen within the next two months.

The bank is confident results for the full year will be well above those for the last financial year, when net profits of NZ$100.64m were achieved.

● European Pacific Investments, a joint venture including BNZ and formed late last year, has got off to a modest start in its acquisition programme with the agreed takeover of Dart Development, a listed Hong Kong property company, for some HK$25m (US$3.2m).

Our Financial Staff adds.

It will use Dart as a vehicle for "taking strategic positions in some leading Hong Kong companies" as well as investments in Europe and the US.

## Japanese life insurers reduce dividend

BY YOKO SHIBATA IN TOKYO

JAPANESE life assurance companies have decided to cut their dividend rate by 0.45 per cent in April. The move is designed to offset a decline in the return on investment as a result of cuts in short and long-term interest rates both at home and abroad last year.

The life assurance companies' average yield on their investment of assets under management in the year to March is expected to fall by between 0.5 per cent and 1 per cent. Even some of the major companies will see yields on asset investment decline to the 7 per cent level. Accordingly, the yield on single premium endorsement assurance, currently very popular as a high-yield instrument for individual and corporate fund management will be lowered from current the 8.14 per cent per annum to around 7.6 per cent.

In addition, the companies are expected to write off foreign exchange losses on their holdings of foreign bonds and foreign currency deposits in the current year due to the yen's steep appreciation against the US dollar. In 1985-86 the leading seven life assurance companies alone wrote off Y600bn of foreign exchange losses.

The Ministry of Finance last Friday told the insurance companies that it had eased restrictions on their fund management, giving them a greater discretion in investing their assets. Life companies are now allowed to invest up to 3 per cent of their overall assets at their own discretion and are permitted to invest in warrants and other new financial instruments. The ceiling on their consumer loans is raised from 5 per cent of their total assets to 10 per cent and they can make unsecured credits to a greater number of resident and non-resident corporations.

Formerly life insurance companies were obliged to reduce their equity holding to 30 per cent of total assets or less, the possession of real estate to 20 per cent and holdings of foreign currency assets to 30 per cent. They have not been allowed to deposit more than 10 per cent of total assets at the same bank. Thus,

## Sandvik in Belgian joint venture

By Kevin Done, Nordic Correspondent in Stockholm

SANDVIK, the Swedish cemented carbide tools and special steel group, is planning to form a joint venture with Diamond Boart of Belgium, a producer of special abrasive tools, to combine the two companies' oil and gas drilling tools activities.

The new company will have a turnover of around $75m and a workforce of 300 to 400.

The two companies have signed a letter of intent, and it is planned that the new company should be operational from the beginning of April with its headquarters in Brussels.

The new venture will combine Diamond Boart's oil activities in Europe, North America and the Philippines with Sandvik's Houston-based subsidiary Strata Bit Corporation, which has activities in North and South America, Europe and Malaysia.

Mr Charles Dumont, finance director for Diamond Boart, said it would be bringing in around 30 per cent of its group sales of BFr 8 to BFr 9bn to the new venture, and that Sandvik would have to bring in additional assets to Strata Bit to gain its 50 per cent stake.

Mr Charles Pierre Hallez, managing director of Diamond Boart, will be chairman for the new venture, at least during the first two years.

## Banque Worms to advise Paris on Havas sale

By George Graham in Paris

THE FRENCH Government has named Banque Worms, the French merchant bank controlled by the UAP insurance group, to advise it over the privatisation of the Havas advertising agency. Worms will be assisted by Warburg Securities of the UK.

Societe Generale, the commercial bank, will lead the sale for Havas, helped by Credit Commercial de France, which is itself due to be privatised in the second quarter of this year.

The auditor for Havas will be Guy Barbier, the French associate of the Arthur Andersen group of accountants.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 20

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amer. Express 7⅝ 93 | 300 | [illegible] | [illegible] | 0 | [illegible] | 7.96 |
| A/S Eksportfinans 7⅝ 93 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.57 |
| Australia Com. 11 95 | 200 | [illegible] | [illegible] | [illegible] | +1 | 8.85 |
| Australia Com. 11¼ 90 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 8.98 |
| BP Capital 9⅛ 94 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.74 |
| British Telecom 7⅝ 96 | 250 | [illegible] | [illegible] | [illegible] | [illegible] | 7.84 |
| Campbell Soup 10½ 95 | 100 | [illegible] | [illegible] | [illegible] | +1 | 8.07 |
| Canada 9 96 | 1000 | [illegible] | [illegible] | [illegible] | [illegible] | 7.65 |
| Canadian Pac. 10¾ 95 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.63 |
| CCCE 7⅛ 91 | 113 | [illegible] | [illegible] | [illegible] | +1 | 6.99 |
| CNCA 7¾ 91 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 7.15 |
| Citicorp 8¼ 95 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 8.46 |
| Credit Lyonnais 9 91 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.28 |
| Credit National 9⅛ 93 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 7.66 |
| Credit National 7¾ 91 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 7.15 |
| Denmark Kingdom 7¾ 93 | 250 | [illegible] | [illegible] | [illegible] | [illegible] | 7.66 |
| Denmark Kingdom 8¾ 91 | 300 | [illegible] | [illegible] | [illegible] | [illegible] | 7.22 |
| Denmark Kingdom 7 88 | 1000 | [illegible] | 102 | [illegible] | [illegible] | 5.97 |
| EEC 7 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.02 |
| EEC 8¾ 96 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.61 |
| EEC 8½ 91 | 150 | 106 | [illegible] | [illegible] | [illegible] | 6.81 |
| EEC 9⅝ 90 | 350 | 106 | [illegible] | [illegible] | [illegible] | 7.55 |
| EIB 7¾ 93 | 100 | [illegible] | 101 | [illegible] | [illegible] | 7.46 |
| Eurofima 7¾ 91 | 100 | 102 | [illegible] | [illegible] | [illegible] | 7.13 |
| Export Dev. Cpn. 10 90 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 6.69 |
| Finland 7½ 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.46 |
| Ford Motor Cred. 10½ 91 | 150 | [illegible] | [illegible] | [illegible] | +1 | 7.54 |
| Ford Motor Cred. 11⅝ 90 | 100 | 111 | [illegible] | [illegible] | [illegible] | 7.16 |
| Gen. Elec. Cred. 10¾ 00 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 9.30 |
| GMAC 10¾ 89 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 6.58 |
| GMAC 8½ 93 | 200 | [illegible] | 105 | [illegible] | [illegible] | 7.55 |
| IADB 9⅞ 95 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.56 |
| Liberty Mutual 8½ 96 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 7.55 |
| LTCB of Japan 8 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.09 |
| Merrill Lynch 8¾ 91 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.72 |
| Mercds.-Benz Cred. 7½ 93 | 100 | [illegible] | 102 | [illegible] | [illegible] | 7.34 |
| Mitsubishi Fin. 7⅞ 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 7.70 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Mitsui Bank 2⅝ 01 | 4/86 | 1819 | 179 | 180¾ | [illegible] | -3.31 |
| Mitsui Trust 2⅝ 01 | 10/86 | 1798 | 219 | 220¾ | -1½ | 1.36 |
| Murata 3½ 00 | 7/84 | 1598 | 177¼ | 179½ | +3¾ | -2.32 |
| Nippon Elec. 2⅞ 00 | 1/85 | 1295 | 240¾ | 241¾ | +8 | 288.67 |
| Nippon Oil Co. 3 00 | 5/85 | 923 | 215 | 219½ | [illegible] | -8.04 |
| OKI Elec. Ind. 3½ 99 | 10/84 | 805 | †120½ | 128 | [illegible] | -8.53 |
| Sanwa Bank 2¾ 00 | 10/85 | 1442 | 244 | 245 | [illegible] | -0.60 |
| Sumitomo Bank 2¾ 00 | 8/85 | 2142 | 229½ | 231½ | -3 | 2.29 |
| Toshiba Ceramics 3 00 | 4/85 | 1734 | †121½ | 122½ | [illegible] | 6.54 |
| Nippon Oil Co. 2⅝ 92 SFr | 3/84 | 1061 | *†145½ | 145½ | 0 | 4.45 |
| Nippon Shinpan 2 92 SFr | 3/84 | 696.5 | *†174¾ | 174¾ | 0 | -14.87 |
| Adia 5 92 DM | 12/83 | 472 | 121¼ | 122¾ | -2¼ | 4.69 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

**Convertible Bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# INTERNATIONAL COMPANIES and FINANCE

## First listing for Singapore market

BY STEVEN BUTLER IN SINGAPORE

SINGAPORE'S new second-tier stock market, the Stock Exchange of Singapore Dealing and Automated Quotation (Sesdaq), is set to have its first listing, after 7m shares of the government-owned Singapore National Printers go on offer to the public today.

The shares, of 50 cents nominal value, will be issued at S$1 and represent 37 per cent of the company's issued equity. The balance is to be held by Tamasek Holdings, the government holding company.

SNP has enjoyed a monopoly on government printing operations and has in recent years expanded to perform printing work on a commercial basis.

Profits before tax for 1986 are estimated at S$1.2m (US$564,000), and are projected to rise to S$1.7m this year, on an expected turnover of S$24m.

The offering will be watched keenly as a first indication of how successful the new market is likely to be. Sesdaq was aimed at encouraging new, growing companies to seek public listing, even though they may not meet requirements for listing on the Stock Exchange of Singapore (SES).

Sesdaq, in contrast to SES, will be scripless and will have a system of market makers.

Brokers have reacted somewhat sceptically to the SNP offering. Although they believe the Government will do what is necessary to make the flotation a success, the projected price earnings ratio, at 15, may not be a great bargain.

There are also questions about why the first listing on a market designed for adventurous young companies should be an established, government-owned warhorse. This had raised doubts about the purpose of the new market.

Of the 7m shares, 5m will be newly issued; 1.5m shares will be placed privately with market makers to enable them to make a market for the new shares.

## Nine-month profits at Honda fall by 45%

By Yoko Shibata in Tokyo

HONDA, the Japanese car and motorcycle producer, suffered from the yen's steep appreciation in its nine months to November, with consolidated net profits down by 45.5 per cent to Y63.47bn ($419.5m), or Y645 per depositary receipt compared with Y1,188.

The group said that although most of its consolidated overseas subsidiaries continued to increase sales in their local currencies, denominated in yen these declined by 7.4 per cent. As a result, consolidated sales for the first nine months amounted Y2,099.3bn, down 3 per cent.

Domestic sales showed a 7.7 per cent increase from a year ago, helped by increased sales of cars. Worldwide sales of motorcycles declined by 25.3 per cent to Y249.5bn, while car sales gained 6.3 per cent to Y1,434.1bn.

For the latest three months, group net earnings were nearly halved to Y17.15bn from Y33.92bn, on flat sales of Y655.3bn against Y656.8bn. Net earnings per American or European share were given as Y173, down from Y334.

Last March, Honda revealed a drastic three-year restructuring programme starting from this March, which is intended to enable the company to earn profits even with an exchange rate of Y120 to the dollar in 1989. The plan includes streamlining production lines and expanding overseas production.

## Increased production from two JCI gold mines

BY JIM JONES IN JOHANNESBURG

RANDFONTEIN ESTATES and Western Areas, the two gold mines managed by Johannesburg Consolidated Investment (JCI), have recorded increased production in last year's December quarter and have overcome most of the teething problems arising from the introduction of trackless mining, which involves major mechanisation programmes and is new to South Africa's labour-intensive gold mining industry.

Randfontein raised mill throughput to 1.7m tonnes from the previous quarter's 1.66m tonnes and increased grade to 4.1 grams per ton (g/t) from 4 g/t. Revenue from gold was restrained by a drop in the average rand-denominated gold price but nevertheless increased to R205m ($101m or £65.8m) from R200m.

Western Areas' gold recovery grade was unchanged at 4 g/t but the mill throughput increased to 1.03m tonnes from 946,000 tonnes. Revenue from gold increased to R116m from R102m, helped by the winding down of gold hedging contracts.

Forward contracts in force at the end of December are believed to have covered about 20 per cent of the mine's expected annual gold output. At the end of September the proportion was about 40 per cent.

In the six months to December Randfontein's distributable earnings after capital spending were 834 cents a share and the mine declared an interim dividend of 750 cents. Western Areas had an interim distributable deficit of 2.9 cents a share but declared an unchanged interim dividend of 16 cents a share.

Although the mine dipped into reserves to pay the dividend, it is confident that earnings will bestrong during the second half of the year.

At present just under half Randfontein's ore production is produced using trackless mining equipment, but this is expected to increase to 60 per cent by July.

● Higher earnings for the December quarter are reported by the gold and base metal minoз in the Anglovaal group, adds Kenneth Marston, Mining Editor.

Hartebeestfontein lifted working profits as a result of increased gold production and a higher bullion price. A further fillip to the mine's net profits came from a reduced tax charge

A sharp increase in tax-offsetting capital expenditure also resulted in higher earnings for Eastern Transvaal Consolidated. The tax charge at Loraine was little changed and gold output was slightly lower

The copper and zinc-producing Prieska did well thanks to an extra shipment of copper concentrates deferred from the previous quarter and an award of R4.2m received following arbitration proceedings involving the mine's main customer

Consolidated Murchison, the gold and antimony producer, saw non-mining income fall from the previous quarter's exceptional level but earnings rose following a tax credit

NET PROFITS

| | Dec qtr. R000 | Sept qtr. R000 | June qtr. R000 |
|---|---|---|---|
| Consolidated Murchison | 4,325 | 4,120 | †4,143 |
| Eastern Transvaal | 14,964 | 9,280 | 11,557 |
| Hartebeest. | 69,718 | 53,847 | 72,461 |
| Loraine | 16,319 | †11,031 | 14,232 |
| Prieska | 8,313 | 3,408 | 6,275 |
| Randfontein | 99,167 | 86,230 | 76,270 |
| Western Areas | 29,497 | 10,673 | 35,729 |

† Restated.

## Modest earnings rise for Japanese printing groups

BY OUR TOKYO STAFF

JAPAN'S TWO largest printing companies achieved modest earnings growth in the half-year to November, hampered in part by an erosion of profitability in the electronics sector.

Dai Nippon Printing, the industry leader, lifted interim pre-tax profits by 2.1 per cent to Y27.61bn ($182.5m). Net profits were 1 per cent higher at Y12.96bn, on turnover of Y379.49bn, up 4.7 per cent.

The company's earnings increase was ascribed largely to an increased surplus on financial transactions, mainly in fund management which provided a Y3bn surplus. Operating profits deteriorated by 3.7 per cent, showing the first fall in 12 years.

Sales in commercial printing, the mainline of revenue, showed a steady 7 per cent growth. Sales of integrated circuit lead-frames and photomasks flattened out, reflecting falling semi-conductor prices.

Full-year pre-tax profits are estimated to rise 2 per cent to Y55.2bn, on sales of Y760bn, up 5.8 per cent. The company will maintain its annual dividend at Y10 per share, including an interim payout of Y5.

Teppan Printing lifted pre-tax profits a marginal 0.3 per cent to Y19.94bn. Net profits were Y9.65bn, up 3.9 per cent, on sales of Y310.63bn, ahead by 2.6 per cent.

The company attributed the modest performance to the deflationary squeeze caused by the yen's steep appreciation, even though it was not directly engaged in exports. The interim dividend per share is unchanged at Y4.50 to pay Y9 for the year.

During the period, sales in securities printing rose 5.9 per cent, reflecting growing demand for cash and credit cards.

The company expects full-year pre-tax profits to reach Y39bn, up 1 per cent, and net profits to be Y18.5bn, up 3 per cent, on sales 4 per cent ahead at Y620bn.

## MIM Holdings well ahead in first half

By Kenneth Marston, Mining Editor

MIM MOLDINGS, the Australian base metal and coal producer based in Queensland, yesterday reported that all its operations had traded profitably in the first half to December, with net operating profits for the period rising to A$38.96m (US$ 25.4m or £16.6m) from A$30.79m a year earlier.

On the latest occasion, however, the company has had to provide for the amortisation of unrealised exchange losses on borrowings, in compliance with Australia's new accounting standards.

Consequently, the latest results are subject to an extraordinary charge of A$50.21m, which leaves an overall loss of A$11.25m. The interim dividend is unchanged at 2 cents.

The company says that higher metal prices received in terms of Australian dollars offset lower sales, notably of copper and silver. Higher production and sales were achieved at the Newlards, Collinsville and Oaky Creek coal operations, although world coal prices continued to ease.

## Kumagai Gumi suffers 20% decline for year

By Our Tokyo Staff

KUMAGAI GUMI, the leading Japanese construction company which has been aggressively expanding overseas, suffered a 20.1 per cent fall in consolidated net profits to Y13.14bn ($86.6m) in the year to September.

The higher proportion of contracting projects abroad meant it was adversely affected by the yen's steep appreciation. Group net earnings per share declined to Y28.29 from Y42.31.

Turnover increased 14.7 per cent to Y880.52bn, supported by public works civil engineering contracts and steady private-sector demand particularly for office buildings. The turnover total included property sales of Y116.81bn, up 66 per cent.

Completions overseas increased 35 per cent to Y120bn, but the group barely broke even as a result of losses on some projects.

Orders received during the year surpassed the Y1,000bn level for the first time to reach Y1,400bn. However, overseas orders fell 33 per cent to Y290bn, affected by the rise in the yen.

For the current year, Kumagai Gumi expects a hangover from unprofitable orders received during the construction industry recession, and has projected setbacks in sales and profits.

## UK COMPANY NEWS

# Matthew Clark falls 9% after cocktail launch costs

THE COST of establishing its new cocktail, West Coast Cooler, saw interim profits at Matthew Clark and Sons (Holdings), disappoint market expectations of £3.2m with a 9.3 per cent fall from £2.89m to £2.62m.

Mr Francis Clark, chairman, said the creation of Moreland Agencies to distribute Benedictine and Lang's whiskies led to higher overheads for the wine and spirit group.

"It is anticipated that these will be absorbed both by the growth of West Coast Cooler and the development of new brands."

Establishing the Australian operation caused further losses, he said. But two important agencies had been obtained, tight budgetary controls installed and much improved figures were expected.

"The development of the company has continued during the year and the reduction in profits in no way diminished the board's confidence in the future," he said.

* Turnover, excluding duty, was up 9.9 per cent from £28.56m to £31.4m. After tax and minority interests attributable profit stood at £881,000 (£1.03m). Earnings per ordinary share were 10.1p (11.9p).

The board declared a higher interim dividend of 3.5p (3p).

The company's traditional

1810

lines showed a 7 per cent profit growth. The Sealark Transport division produced a profit for the first time and the Finsbury Distillery made good progress, said Mr Clark.

"The Christmas trade was better than last year and a satisfactory second six months is expected."

### ● comment

A profits decline is rarely a welcome sight in the stock market but there was no whiff of short-termism in the response to Matthew Clark's figures yesterday: faced with the 9 per cent decrease at the pre-tax level and a 15 per cent decline in earnings, the market put the share price up 5p to 465p. If it had not been for the three corollaries of Clark's expansion plans, profits would have been ahead, though not by much: the softness of the last Budget left Clark holding duty-paid stocks far longer than usual, with inevitable consequences for net interest receivable. The more important second half should enable the company to show a modest full-year advance to around £7m thanks to a good Christmas and the elimination of some of the first-half costs. After a tax charge of 38 per cent, that puts the shares on a fairly rich p/e multiple of nearly 15, but the price is looking confidently ahead to £8m or so for the following year rather than the 1987 figure.

# TSL profits fall sharply to £0.6m

DIFFICULT MARKET conditions and intensified competition led to a sharp decline in 1985-86 profits of TSL Group, maker of vitreous silica and fused quartz products.

Despite a turnover virtually maintained at £19.4m, against £19.5m, pre-tax profits tumbled from £2.55m to £577,000 for the year ended October 31 1986. At the interim stage, profits had plunged to £69,000 (£1.28m).

Although the interim dividend was held at 1p, there is no final (2p last year).

Stated earnings per share fell from 19.6p to 3.96p. Tax charge was £201,000 (£698,000) and after an extraordinary credit of £67,000 (nil) and minorities, the attributable surplus declined from £1.85m to £442,000.

Mr W. H. N. Wilkinson, the chairman, said the West German company had an excellent year and the move to larger premises should mean further growth.

He reported that the group's holding in its Japanese associate, Japan High Purity Silica, had been reduced from 50 per cent to 19 per cent.

Objectives should be realised in the longer term, he said.

### ● comment

A chapter of disasters from TSL, which was one of the worst performing shares of 1986. The semiconductor market has fallen out of bed and fibre optics, in which TSL has invested a lot, has yet to show a worthwhile return. The result has been losses in the joint venture with Mitsubishi Metal, which will now go off balance sheet because of the reduction in the holding to 19 per cent, and redundancies at the Wallsend factory which cost £250,000. In addition, TSL's market for supplying aircraft engine cores has virtually disappeared and losses at the glass subsidiary were around £100,000. The group has managed to hang on to its turnover but only by replacing semiconductor servicing with quartz tubes and moulded vessels, which carry much lower margins. Although there should be loss elimination this year, a full recovery depends on the health of the semiconductor industry, which is showing only limited signs of a bounce-back. Pre-tax profits may touch £1.3m, putting the shares at 78p on a prospective p/e of 9. They are unlikely to be attractive to many, especially since the yield support has gone.

## Borthwicks ahead

Mr Lewis Robertson, the chairman of Bothwicks, international meat trader, told the annual meeting yesterday that results of the continuing group for the first three months of 1986-87 were well ahead of the corresponding period.

He added that present indications were that full year results should show considerable further progress.

Borrowings continued at a satisfactory and much lower level, new products were developing well and some interesting acquisition possibilities were being explored, he said.

# Tip Top Drugstores rises 23%

BY ALICE RAWSTHORN

Tip Top Drugstores, which went public last spring, yesterday unveiled a 23 per cent rise in pre-tax profits to £758,000 for the first half of the financial year. The growth was achieved despite intense competition within the drugstore field.

During 1986 Tip Top, like most of it scompetitors, suffered from the pressure imposed by the Boots' "You can't buy cheaper" campaign introduced in February. Sales growth in existing stores was relatively modest, at less than 2 per cent. The increase in turnover, of 16 per cent to £16.78m, was gleaned chiefly from the progress of new stores.

"Boots is still keeping up the pressure on prices and will continue to make life very difficult for drugstores," said Mr Frederick Brown, Tip Top's chairman. The company intends to counter this by introducing more own label and higher value products.

Own label goods provided 14 per cent of sales in the last financial year and, according to Mr Brown, should exceer the target of 20 per cent in the current year. Tip Top is also intensifying its diversification into value-added accessories.

The capital raised by the flotation has been ploughed into extending central warehousing facilities and opening new units. Tip Top opened 12 new stores in the first half and intends to open eight in the second, bringing the total to 102 units. It has now expanded from its Northern base into the Midlands and is considering a move into the South.

In the interim period, to November 29, Tip Top's earnings per share increased to 4.25p (3.82p). The board proposes to pay an interim dividend of 0.8p. Mr Brown expressed his confidence about the company's prospects for the full year.

Mr Keith Hardisty, Tip Top's financial director, has resigned because of "unforeseen domestic circumstances" and has been succeeded by Mr John Marsden.

### ● comment

In many ways the flurry of interest created by Tip Top's flotation marked the end of the stock market's love affair with the drugstore phenomenon. Boots has, at long last retaliated. The competitive prices, with which the drugstores broke into the toiletries market, have evaporated, leaving companies like Tip Top to tackle the arguably more difficult task of repersenting themselves as value added retailers. Meanwhile new stores are providing a useful boost to sales and the company is considering acquisitions as a means of acclerating its opening programme. With the warehouse in Wetherby it has a base from which to service the whole country and enough capaicty for 180 units and for three years. The second half should benefit from the contribution of the recent rush of new store openings thereby producing profits of £1.6m. But the problems of the drugstore sector should take their toll on the prospective p/e of 18, on yesterday's share price which fell by 2p to 161p.

## COMPANY NEWS IN BRIEF

NEW TOKYO Investment Trust: Net asset value at December 31 1986 334.5p (238.1p a year earlier). Net revenue £63,000 (£230,000) after tax of £106,000 (£167,000). Earnings 0.3p (1.13p) per 50p share. Dividend 0.2p (0.8p) net.

MAJEDIE Investments (investment trust): Net asset value at December 31 1986 stood at 279p per 10p share against 262p three months earlier. During the quarter net assets, including listed investments with a £60m market value, rose from £68.82m to £73.17m.

CRESCENT JAPAN Investment Trust: Dividend 0.3p (0.35p) net for 1986. Earnings per 50p share 0.35p (0.42); net asset value per share 302.4p (179.8p). A one-for-one scrip issue is proposed.







# Anglovaal Group

## Mining companies' reports — Quarter ended 31 December 1986

All companies mentioned are incorporated in the Republic of South Africa.

All financial figures for the quarter and progressive figures for the current year to date, except those of Loraine Gold Mines, Limited for the quarter and financial year ended 30 September 1986, are unaudited.

Rate of exchange on 31 December 1986, R1,00 = £0,30, £1 = R3,29.

Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.

Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

## Hartebeestfontein Gold Mining Co Ltd

Reg. No. [illegible]

Issued capital: 112 000 000 shares of 10 cents each

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Six months ended 31 Dec. 1986 |
|---|---|---|---|
| **Operating results** | | | |
| **Gold** | | | |
| Ore milled ... t | 798 000 | 793 000 | 1 591 000 |
| Gold recovered ... kg | 7 996,00 | 7 851,00 | 15 847,00 |
| Yield ... g/t | 10,0 | 9,9 | 10,0 |
| Revenue ... R/t milled | 317,15 | 300,01 | 308,61 |
| Costs ... R/t milled | 109,24 | 102,61 | 105,93 |
| Profit ... R/t milled | 207,91 | 197,40 | 202,68 |
| Revenue ... R000 | 253 084 | 237 909 | 490 993 |
| Costs ... R000 | 87 170 | 81 371 | 168 541 |
| Profit ... R000 | 165 914 | 156 538 | 322 452 |
| **Uranium oxide** | | | |
| Pulp treated ... t | 798 000 | 793 000 | 1 591 000 |
| Oxide produced ... kg | 116 379 | 121 284 | 237 663 |
| Yield ... kg/t | 0,15 | 0,15 | 0,15 |
| **Financial results** | R000 | R000 | R000 |
| Working profit — gold mining | 165 914 | 156 538 | 322 452 |
| Profit from sales of uranium oxide, pyrite and sulphuric acid | 637 | 927 | 1 564 |
| Non-mining income | 7 040 | 7 889 | 14 929 |
| | 173 591 | 165 354 | 338 945 |
| Interest paid | 635 | 660 | 1 295 |
| Net royalty payments | 4 120 | 3 454 | 7 574 |
| Profit before taxation and State's share of profit | 168 836 | 161 240 | 330 076 |
| Taxation and State's share of profit | 99 118 | 107 393 | 206 511 |
| Profit after taxation and State's share of profit | 69 718 | 53 847 | 123 565 |
| Capital expenditure | 21 250 | 6 495 | 27 745 |
| Appropriation for loan repayments | 597 | 29 | 626 |
| Dividends | 67 200 | — | 67 200 |
| | 89 047 | 6 524 | 95 571 |
| **Development** | | | |
| Advanced ... m | 8 428 | 8 679 | 17 107 |
| Sampling results on Vaal Reef: | | | |
| Sampled ... m | 712 | 838 | 1 550 |
| Channel width ... cm | 73 | 66 | 69 |
| Channel value — gold ... g/t | 17,2 | 22,0 | 19,7 |
| ... cm.g/t | 1 252 | 1 458 | 1 363 |
| — uranium oxide ... kg/t | 0,33 | 0,42 | 0,38 |
| ... cm.kg/t | 24,17 | 28,71 | 26,30 |

**Financial**
In terms of the Company's articles of association, the directors' borrowing powers are limited to R50 000 000. At 31 December borrowings totalled R9 071 000 (1985: R9 555 000) of which long-term borrowings amounted to R8 675 000 (1985: R7 235 000) and short-term to R396 000 (1985: R2 420 000).

**Hedging transactions**
Revenue derived from the sale of gold takes into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts are accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

**Dividend**
Interim dividend No. 62 of 60 cents per share, declared in November 1986, will be paid on or about 30 January 1987.

**Capital expenditure**
Outstanding commitments at 31 December 1986 are estimated at R23 578 000 (30 September 1986: R20 407 000).

For and on behalf of the board
B.E. Hersov, D.J. Crowe — Directors

Directors: B.E. Hersov D.M.S. (Chairman), B.L. Bernstein Hon. LL.D., D.J. Crowe*, W.B. Evans, E.P. Gush, G.S. Lee, W.W. Malan, Clive S. Menell, T.L. Pretorius
Alternate directors: J.H.J. Burke, P.J. Eustace, F.S. Clarke, M.D. Henson, K.M. Hosking, J.E. van Niekerk, R.A.D. Wilson
*British

21 January 1987

## Eastern Transvaal Consolidated Mines, Ltd

Reg. No. [illegible]

Issued capital: 4 316 678 shares of 50 cents each

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Six months ended 31 Dec. 1986 |
|---|---|---|---|
| **Operating results** | | | |
| Ore milled ... t | 93 200 | 91 100 | 184 300 |
| Gold recovered ... kg | 877,42 | 887,27 | 1 764,69 |
| Yield ... g/t | 9,4 | 9,7 | 9,6 |
| Revenue ... R/t milled | 280,43 | 288,76 | 284,55 |
| Costs ... R/t milled | 99,98 | 99,95 | 99,96 |
| Profit ... R/t milled | 180,45 | 188,81 | 184,59 |
| Revenue ... R000 | 26 136 | 26 306 | 52 442 |
| Costs ... R000 | 9 318 | 9 105 | 18 423 |
| Profit ... R000 | 16 818 | 17 201 | 34 019 |
| **Financial results** | R000 | R000 | R000 |
| Working profit — gold mining | 16 818 | 17 201 | 34 019 |
| Non-mining income | 682 | 767 | 1 449 |
| | 17 500 | 17 968 | 35 468 |
| Prospecting expenditure | 1 267 | 953 | 2 220 |
| Profit before taxation | 16 233 | 17 015 | 33 248 |
| Taxation | 1 279 | 7 746 | 9 025 |
| Profit after taxation | 14 954 | 9 269 | 24 223 |
| Capital expenditure | 12 482 | 4 741 | 17 223 |
| Dividends | 5 396 | — | 5396 |
| | 17 878 | 4 741 | 22 619 |

Eastern Transvaal Consolidated Mines, Ltd (continued)

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Six months ended 31 Dec. 1986 |
|---|---|---|---|
| **Development** | | | |
| Advanced ... m | 2 305 | 2 141 | 4 446 |
| Sampling results: | | | |
| Sampled ... m | 942 | 870 | 1 812 |
| Channel width ... cm | 162 | 150 | 156 |
| Channel value ... g/t | 4,6 | 4,4 | 4,5 |
| ... cm.g/t | 746 | 660 | 707 |

**Hedging transactions**
Revenue derived from the sale of gold takes into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts are accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

**Dividend**
Interim dividend No. 73 of 125 cents per share, declared in November 1986, will be paid on or about 30 January 1987.

**Capital expenditure**
Outstanding commitments at 31 December 1986 are estimated at R6 860 000 (30 September 1986: R9 713 000).

For and on behalf of the board
R.A.D. Wilson, D.J. Crowe — Directors

Directors: R.A.D. Wilson (Chairman), D.J. Crowe*, M.D. Henson, B.E. Hersov D.M.S., W.W. Malan, Clive S. Menell, J.E. van Niekerk
*British

21 January 1987

## Prieska Copper Mines (Pty) Ltd

Reg. No. [illegible]

Issued capital: 54 000 000 shares of 50 cents each

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Six months ended 31 Dec. 1986 |
|---|---|---|---|
| **Operating results** | | | |
| Ore milled ... t | 690 000 | 762 000 | 1 452 000 |
| **Concentrates produced** | | | |
| Copper ... t | 18 547 | 19 171 | 37 718 |
| Zinc ... t | 31 911 | 36 450 | 68 361 |
| **Concentrates despatched** | | | |
| Copper ... t | 18 637 | 9 195 | 27 832 |
| Zinc ... t | 33 606 | 46 027 | 79 633 |
| **Financial results** | R000 | R000 | R000 |
| Operating profit | 18 282 | 7 850 | 26 132 |
| Non-mining income | 1 088 | 493 | 1 581 |
| Profit before taxation | 19 370 | 8 343 | 27 713 |
| Taxation | 11 057 | 4 935 | 15 992 |
| Profit after taxation | 8 313 | 3 408 | 11 721 |
| Capital expenditure/(recoupments) | (65) | 15 | (50) |
| Dividend | 16 200 | — | 16 200 |
| | 16 135 | 15 | 16 150 |
| **Development** | | | |
| Advanced ... m | 987 | 966 | 1 953 |

**Financial**
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters. The operating profit for the quarter includes an amount of R4,2 million – being the financial consequence of the Arbitrator's award in the Company's favour in respect of a dispute that arose in December 1985 between the Company and its principal purchaser of zinc concentrates.

**Dividend**
Interim dividend No. 7 of 30 cents per share in respect of the year ending 30 June 1987, declared on 5 January 1987, will be paid on or about 23 January 1987.

**Capital expenditure**
There were no outstanding commitments at 31 December 1986 (30 September 1986: Nil).

For and on behalf of the board
D.J. Crowe, R.A.D. Wilson — Directors

Directors: D.J. Crowe** (Chairman), R.P. Fitton*, B.E. Hersov D.M.S., R.L. L'Esperance*, Clive S. Menell, E.R.J. Neunuebel*, D.M. Pogson*, R.A.D. Wilson
Alternate directors: D.A. Blaine, A.J. Brink, M.D. Henson, W.W. Malan
*American **British

21 January 1987

## Loraine Gold Mines, Ltd

Reg. No. [illegible]

Issued capital: 16 366 986 shares of R1,00 each

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Financial year ended 30 Sept. 1986 |
|---|---|---|---|
| **Operating results** | | | |
| Ore milled ... t | 377 000 | 398 000 | 1 572 000 |
| Gold recovered ... kg | 2 126,28 | 2 234,25 | 8 709,03 |
| Yield ... g/t | 5,6 | 5,6 | 5,5 |
| Revenue ... R/t milled | 184,72 | 168,66 | 147,59 |
| Costs ... R/t milled | 117,04 | 107,47 | 99,31 |
| Profit ... R/t milled | 67,68 | 61,19 | 48,28 |
| Revenue ... R000 | 69 640 | 67 126 | 232 010 |
| Costs ... R000 | 44 124 | 42 774 | 156 108 |
| Profit ... R000 | 25 516 | 24 352 | 75 902 |
| **Financial results** | R000 | R000 | R000 |
| Working profit — gold mining | 25 516 | 24 352 | 75 902 |
| Profit from sales of uranium oxide, pyrite and treatment of stockpiled calcines | 486 | 1 032 | 1 904 |
| Non-mining income | 2 627 | 2 559 | 9 344 |
| | 28 629 | 27 943 | 87 150 |
| Interest paid, stores adjustment and service benefits | 240 | 2 981 | 4 082 |
| Tributing royalty payable | — | — | 14 |
| Exchange loss | — | 771 | 771 |
| Profit before taxation | 28 389 | 24 191 | 82 283 |
| Taxation | 13 070 | 13 160 | 37 878 |
| Profit after taxation | 15 319 | 11 031 | 44 405 |

Loraine Gold Mines, Ltd (continued)

| | Quarter ended 31 Dec. 1986 | Quarter ended 30 Sept. 1986 | Financial year ended 30 Sept. 1986 |
|---|---|---|---|
| Capital expenditure | 3 200 | 5 653 | 11 808 |
| Appropriation for loan repayments and adjustments for currency fluctuations | 32 | (681) | (126) |
| Dividends | — | 24 550 | 24 550 |
| | 3 232 | 29 522 | 36 232 |
| **Development** | | | |
| Advanced ... m | 9 389 | 9 180 | 34 678 |
| Sampling results: | | | |
| Kimberley reefs | | | |
| Sampled ... m | 80 | 86 | 278 |
| Channel width ... cm | 78 | 87 | 79 |
| Channel value ... g/t | 33,6 | 13,2 | 13,2 |
| ... cm.g/t | 2 614 | 1 142 | 1 044 |
| Basal reef | | | |
| Sampled ... m | 582 | 408 | 1 444 |
| Channel width ... cm | 8 | 8 | 9 |
| Channel value ... g/t | 59,1 | 91,9 | 76,6 |
| ... cm.g/t | 496 | 754 | 674 |
| Eldorado reefs | | | |
| Sampled ... m | 1 046 | 1 048 | 3 505 |
| Channel width ... cm | 101 | 106 | 113 |
| Channel value ... g/t | 9,5 | 11,5 | 10,2 |
| ... cm.g/t | 954 | 1 225 | 1 150 |
| Total — all reefs | | | |
| Sampled ... m | 1 698 | 1 542 | 5 227 |
| Channel width ... cm | 68 | 79 | 82 |
| Channel value ... g/t | 12,5 | 13,8 | 12,3 |
| ... cm.g/t | 855 | 1 096 | 1 013 |

**Financial**
In terms of the Company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 31 December borrowings totalled R5 996 000 (1985: R5 977 000) of which long-term borrowings amounted to R5 792 000 (1985: R5 864 000) and short-term to R204 000 (1985: R1 113 000).

**Hedging transactions**
Revenue derived from the sale of gold takes into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts are accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

**Dividend**
Dividend No. 9 of 150 cents per share, declared in October 1986 in respect of the previous financial year, was paid in December 1986.

**Capital expenditure**
Outstanding commitments at 31 December 1986 are estimated at R2 622 000 (30 September 1986: R2 763 000).

For and on behalf of the board
D.J. Crowe, R.A.D Wilson — Directors

Directors: D.J. Crowe* (Chairman), W.B. Evans, B.E. Hersov D.M.S., L. Hewitt, K.M. Hosking, G.C. Krafft, W.W. Malan, Clive S. Menell, S.W. van der Colf, R.A.D. Wilson
Alternate directors: F.S. Clarke, P.J. Eustace, B.J. Furnston, J.J. Geldenhuys, P. Taljaard, K.A. West*, J.E. van Niekerk
*British

21 January 1987

## Consolidated Murchison Ltd

Reg. No. [illegible]

Issued capital: 4 160 000 shares of 10 cents each

| | Quarter ended 31 Dec. 1986 R000 | Quarter ended 30 Sept. 1986 R000 | Six months ended 31 Dec. 1986 R000 |
|---|---|---|---|
| **Financial results** | | | |
| Sales of antimony concentrates less realisation charges | 6 690 | 6 158 | 12 848 |
| Gold sales | 5 767 | 6 079 | 11 846 |
| Sundry mining income | 39 | 26 | 65 |
| | 12 496 | 12 263 | 24 759 |
| Working costs | 8 797 | 8 519 | 17 316 |
| Working profit | 3 699 | 3 744 | 7 443 |
| Non-mining income | 366 | 2 059 | 2 425 |
| | 4 065 | 5 803 | 9 868 |
| Prospecting expenditure | 251 | 227 | 478 |
| Profit before taxation | 3 814 | 5 576 | 9 390 |
| Taxation | (511) | 1 456 | 945 |
| Profit after taxation | 4 325 | 4 120 | 8 445 |
| Capital expenditure | 2 098 | 755 | 2 853 |
| Dividends | 1 248 | — | 1 248 |
| | 3 346 | 755 | 4 101 |

**Financial**
The revenue from the sale of antimony concentrates brought to account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

**Dividend**
Interim dividend No. 78 of 30 cents per share was declared in December 1986 and will be payable in February 1987.

**Capital expenditure**
Outstanding commitments at 31 December 1986 are estimated at R475 000 (30 September 1986: R192 000).

For and on behalf of the board
P.F. Retief, R.A.D. Wilson — Directors

Directors: P.F. Retief (Chairman), R.A.D. Wilson (Deputy Chairman), B.E. Dawson (Managing Director), W.D. Clough, V.G. Bray, P.J. Crankshaw*, D.J. Crowe*, B.E. Hersov D.M.S., Clive S. Menell
Alternate: P.W.J. Coenen†
* British † Dutch

21 January 1987

57121

# UK COMPANY NEWS

Ian Hamilton Fazey joins the Pilkington celebrations

## Charging their glasses at St Helens

"I DON'T know whether it will actually be on champagne," said Councillor Mike Doyle, chairman of the Economic Development Committee of the solidly Labour St Helens town council, "but some of us are going to be bevvied for weeks on the strength of this."

Minutes before, BTR had withdrawn its bid for St Helens-based Pilkington. But was this just the glassmaker's victory?

"It's the town that's won," Mr Doyle said. "The community fought for this. It has emerged stronger. This is what happens when the public and private sectors work together."

Champagne there was, however, up the road from the town hall in Pilkington's world headquarters. One popping cork smashed into a light fitting and broke it.

The branch secretaries of the General, Municipal and Boilermakers and the Amalgamated Engineering unions, Mr John Smith and Mr Jim Bond respectively, were soon joining office workers in the celebrations.

They were en route to Runcorn to catch a Liverpool-London inter city express to see their MP, Mr John Evans, about next Tuesday's planned mass lobby of Parliament when they heard the news on the radio.

They turned round and went straight back to Pilkington's HQ, the need for the mass lobby spent.

"I feel just like the real James Bond tonight," Mr Bond said, sipping champagne from a paper cup.

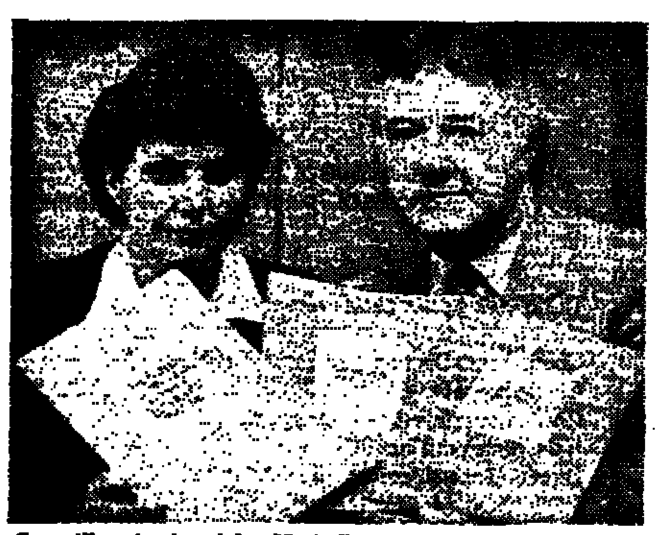
Full-scale union celebrations were being planned at the nearby Ravenhead Club and were expected to last much of the night. Members of the company's management were invited and would attend.

Mr Smith said: "We shall not be taking the view that the management owes us anything in exchange for our support in resisting the bid.

"The atmosphere of mutual support that has come from our standing together is something we never want to lose.

"But we will be resuming normal negotiations on pay tomorrow. We don't expect them to be any easier than at any time in the past two years. However, the £250 profit forecast is very useful information for our side."

St Helens town centre was almost deserted when the news came through. It was one of those dark, dank and drizzling days when it never quite got light from dawn to dusk.



Councillors in the pink. Marie Rimmer, leader of St Helens Council, and Mike Doyle, its economic chairman.

But shoppers whose faces were etched with the misery of a cold winter broke into smiles when the news was broken to them.

"People here are very proud of Pilkington," said Mrs Brenda Frodsham of the borough's outlying village of Rainford, who organises Women's Institute visits to the glassworks and glass museum.

"I don't work for them but I've relatives and neighbours who do. What all this proves is that if a firm looks after its employees, the employees will stick by their firm."

In the Tontine market, deep in the heart of the LaGrange Arcade, Mrs Doris Seddon, manageress of Barkers the Florists, said: "I'm thrilled to bits Pilks have won. None of us wanted BTR. Pilks has made this town and that's it."

Soon after opening time the pub opposite Pilkington's main entrance filled quickly with celebrants.

This might well have been named for the attitude of Pilkington's main institutional shareholders—it is called The Bird i'th Hand.

Today there will be new flags flying around the town and on the row of flagpoles outside Pilkington's HQ.

They were ordered two weeks ago and a frantic scramble was under way last night to get to St Helens by dawn. They are Pilkington house flags emblazoned with the words "We've won."

### WHY THE DECISION TO ABANDON THE OFFER WAS TAKEN

THIS IS the full text of the statement issued by BTR yesterday announcing that it was abandoning its bid for Pilkington Brothers.

"Wes have reconsidered our offer for Pilkington in the light of

(a) their forecast of profits for 1986-87 and widely discussed estimates of those for 1987-88.

(b) the short and long term effect of unusually aggressive price increases.

(c) advice on the price at which major institutions would sell their holdings.

"Our conclusion is that the revision necessary for a bid to succeed would now involve a price, for a cyclical business, greater than any which could lie within the best interests of BTR shareholders. We will therefore allow our bid to lapse.

"Our decision is a manifestation of the workings of the free market whose judgment we may not always respect but whose verdict we will always accept. For BTR the sole issue has been that of under-management of important and sizeable resources—a challenge to which Pilkington have made a spirited response and we wish them well for the future.

"Many other issues, of current interest, were raised, perhaps more than during any previous bid. Business philosophies, time horizons, r and d, regional employment, merger policy, focused undertakings, trade union relationships etcetera.

"These may warrant serious discussion but not in the context of defensive buckshot or as pawns in political popularity stakes. BTR will continue to contribute to any worthy considerations of those issues on suitable future occasions."

## T & N continues fight for damages

By David Goodhart

Turner & Newall confirmed yesterday that it is continuing to pursue its claim for damages against the merchant bank Hill Samuel and broker Cazenove following the frustration of its first bid for AE last September.

T&N first issued a writ on November 21 1986 and served it shortly afterwards. However, the case is not expected to come to court until next year.

T&N won control of AE in December after Hill Samuel and Cazenove were censured by the Takeover Panel for failing to disclose indemnity agreements with third parties to buy AE shares during the first bid. As well as censuring the two advisers the Panel also waived its own rules to allow T&N to bid again immediately.

The damages being claimed by T&N will be at least £30m and consist of the costs of the second bid (£6m) and the difference between the value of the first offer (£257m) and the second (£278m). Mr Robert Maxwell's Hollis Group intervened between the two bids with its own offer.

There are two main legal bases of the claim. The first is a civil action for negligence arising from a breach of agreed rules. The second is the breach of a contractual relationship. T&N may also try to claim that Hill Samuel and Cazenove breached Company Law. Hill Samuel said last night it had a strong defence against the claims and was also well insured

## Harrison sees further growth

Harrison Industries, manufacturer of industrial doors, castings, and power transmission equipment, reported an 18 per cent increase in pre-tax profit from £1.21m to £1.42m for the six months to September 30 1986. Turnover rose from £10.9m to £12.1m.

After tax of £558,000 (£516,000), earnings per share showed a 16 per cent advance to 8p (6.9p).

The company, which came to the market via an offer for sale last summer, is to pay a maiden interim dividend of 1.85p.

Looking forward to further progress in the full year, Harrison stated that all divisions experienced increased profitability which contributed to further growth in cash balances and that the consequent strengthening of the balance sheet should enable the company to take advantage of future acquisition opportunities.

## Emess Lighting in agreed £42m offer for Tenby

BY CLAY HARRIS

Emess Lighting is to buy Tenby Industries in an agreed offer that values the electrical components and engineering group at £42m.

The commercial and domestic lighting group, which bid unsuccessfully last year for Rotaflex, said that the acquisition of Tenby would allow it to broaden its product range and give it a manufacturing base in the Far East.

Yesterday's deal will raise £16.2m in cash for BSR International, the electronics group which retained a 40 per cent stake when it floated Tenby as an independent company in June last year.

Tenby brings with it agreed tax losses of £15m. It yesterday estimated pre-tax profits of £3.3m (£2.48m) and earnings per share of at least 17p (12.4p) for 1986.

Tenby's electrical division supplies accessories such as plugs, switches and sockets. Its West Midlands-based engineering division makes metal components for the defence industry, moulded plastic components for the motor industry.

Mr Michael Meyer, Emess chairman, said that the company was committed not to dispose of any part of Tenby for at least a year. The engineering side, especially, would be reviewed afterwards, as Emess continued to see its future as an electrical company.

Tenby shares added another 10p to 227p yesterday, more than double the issue price of 112p only seven months ago.

Emess shares shed 8p to 302p, to put a value of 237p on tis offer of six shares plus 560p for every 10 Tenby shares. It also offered a cash alternative of 230p, accepted in full by BSR.

Tenby holders will also be ablet o take shares in lieu of the cash portion: one Emess share for every 290p to which they are entitled. County Bank is underwriting the new shares at 290p and existing Emess shareholders will have priority to any not accepted in the takeover.

Tenby directors have accepted the Emess offer but have not specified how they will take payment. Emess already holds 4.3 per cent of Tenby.

All Tenby shareholders on the register yesterday will receive a special dividend of 3p whether or not they accept the offer. Those who accept Emess shares will also be entitled to the bidder's forecast final dividend of 3.9p.

## CSI in £12.5m acquisitions

BY DAVID GOODHART

Cannon Street Investments, the fast-growing USM-quoted industrial holding company, yesterday announced a further four acquisitions and a one-for-three rights issue to raise £16.2m.

CSI is making an initial payment of £12.5m for the companies and will use the rest of the cash to eliminate borrowings. This is the biggest single step forward for CSI since it rejoined the market in July 1985 and involves the issue of 10.8m shares—38 per cent of the enlarged equity.

The acquisitions—all private companies—form part of CSI's strategy to buy small companies with strong managements and good prospects and groom them for flotation over a three to five year period.

The four companies are: Betacom, distributor of consumer electronic products, which made pre-tax profit of £644,000 in the year to November 30 1986; Mitchell Group, a food processor, which made £1.23m in the year to August 31 1986; Parry, a house builder, which recorded £675,000 in the year to June 30; and Worthingway, a heatin ga plumbing contractor, which made £116,000 in the year to March.

CSI also announced a profit forecast for the year ended December 31 1986 of not less than £3m pre-tax compared with £939,000 in the previous year and said earnings per share will be not less than 13.1p compared with 7.5p.

Mr Bill Hislop, the chairman, first bult up the business on the basis of acquisitions between 1968 and 1973 but was then hit by the secondary banking crisis. National Westminister Bank took two-thirds of the equity which Mr Hislop bought back from them in March 1985, immediately prior to this latest expansion phase.

The company is now divided into five operating groups—food and catering services, construction, engineering, laboratory equipment and consumer electronics—and a total of 15 businesses. For 1986 food is expected to make trading profit of 1.7m, construction £1.7m, engineering £900,000 and laboratory equipment £1m.

### DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Blick | 2 | Apr 3 | — | 2 | — |
| Burndene Invsts | 3.5 | — | 1.4¶ | 4.75 | 1.4 |
| Matthew Clark ......int | 3.5 | — | 3 | — | 8 |
| Crescent Japan | 0.3 | — | 0.35 | 0.3 | 0.35 |
| Fleming Technology int | 0.2 | Feb 20 | 0.8 | —‖ | 2.3 |
| Hampson Inds ......int | 0.38 | Mar 9 | 0.31* | — | 1.13* |
| Harrison Inds ......int | 1.85 | Feb 27 | — | — | — |
| Lookers | 4.4 | Apr 30 | 3.3 | 6.4 | 4.9 |
| LPA Inds | ‡1.6 | Feb 25 | 1.33* | 3 | 2.5* |
| Mayfair & City ......int | 1.1 | Mar 24 | 1.1 | — | [illegible] |
| New Tokyo Inv Tst ... | 0.2 | — | 0.8 | 0.2 | 0.8 |
| Tip Top Drugs ......int | 0.8 | — | — | — | — |
| TSL | nil | — | 2 | 1 | [illegible] |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 16 months to September 1985. ‖ Final of not less than 0.4p is forecast.

## Rainbow sells Ultramar stake

By Nikki Tait

Rainbow Corporation, the acquisitive New Zealand retailing, amusements and property group, has sold some of its shares in UK oil independent, Ultramar.

Its stake, which is held by Admetus—a company owned jointly by Rainbow itself and Australian bank, Equiticorp Holdings—and which previously stood at just under 7 per cent, had been reduced to 16.4m shares or 5.9 per cent.

A second Antipodean stake in the company—the 13 per cent held by Mr Ron Brierley's IEP—is unchanged.

Yesterday, Ultramar shares fell 9p to 165p.

## Queens Moat

Following the acquisition of a Dutch hotel group in December for £15.5m Queens Moat Houses has continued its European expansion via the purchase of its first hotels in West Germany and Belgium at a total cost of £8m.

In Germany, the company has completed the purchase of the four star 141 bedroom Holiday Inn, at Kassel, from the Globana Hotel Group and in Belgium conditional contracts have been exchanged to purchase the four star Holiday Inn, at Liege, from Holiday Inns.

Considerations will be financed by way of short term DM and BF facilities secured on non-UK assets.

## Stake in Murray Management

BY NIKKI TAIT

Kemper Financial Services, a wholly-owned subsidiary of the Kemper Corporation — one of Chicago's largest investment management companies — has acquired a 9.4 per cent stake in Murray Management, the parent company of the unquoted Glasgow-based fund management group, Murray Johnstone.

It is also taking a 7.5 per cent holding in Murray Johnstone Holdings (1984).

The shares have been acquired partly from the Murray trusts — Murray International, Murray Income, Murray Smaller Markets and Murray Ventures — and partly from staff. Prior to the Kemper purchase, the Murray trusts held 62 per cent of Murray Management and staff 38 per cent.

Kemper and Murray Johnstone have run a joint venture company managing the international investments of US pension funds for six years and funds under management there total around $200m (£131m).

Murray Johnstone said yesterday that there was no immediate intention for Kemper to raise its stake further, but it would have first refusal on any future share sales by staff or the trusts.

There is a similar arrangement for Murray to buy any shares Kemper may wish to sell.

### Barratt share sale

Sir Lawrie Barratt, chairman of Barratt Developments, has sold 634,640 shares in the company. The company's latest report for the year to June said Sir Lawrie held 1,646,640 shares. Barratt's shares closed yesterday at 169p, up 7p.

Sir Lawrie was unavailable for comment on his reasons for selling the shares.

## UK COMPANY NEWS

# Hampson jumps 54% but cautions on second half

Hampson Industries, engineering and industrial cleaning group, yesterday reported a 54 per cent jump in pre-tax profits from £612,632 to £944,621 for the half year to September 30 1986. Turnover rose 16 per cent to £14.23m, against £12.29m.

Mr John Wardle, the chairman, however, cautioned that while in the past the second half had been significantly better than the first, he believed this trend would become less pronounced. He said comparing like with like, the two half years would make a rather more equal contribution in this and future years.

He added however, that the second half results would be better in any event than those for the first period, as they would include a full six months contribution from I.S. Parts and from Erison Engineering, acquired last July.

Pre-tax profits for the year ended March 31, 1986 were a record £1.72m (£1.31m).

With stated first-half earnings per 5p share up from 1.32p to 2.15p, the interim dividend is in effect raised 20 per cent to 0.375p net, against an adjusted 0.314p last time. The board is confident of at least a similar increase in the final (0.82p equivalent in 1985-86).

At the attributable level, interim profits rose from £350,020 to £439,601, after tax of £354,486 (£262,612), minorities of £1,034 (nil) and an extraordinary charge this time of £149,500. The latter item represented a substantial withdrawal from non-precision engineering, being the board's estimate of the whole year's charge.

All other areas of the group's activities performed well.

# Kewill 9% lower at midway

Kewill Systems, the USM-quoted computer software concern, yesterday turned in reduced interim profits in line with warnings sounded at last September's annual meeting.

In the event, pre-tax profits fell 9 per cent from £285,000 to £259,000 in the six months to September 30 1986, although turnover edged ahead to £2.09m (£1.94m).

At the AGM, the company warned holders not to expect further growth in the current year, because of a shortfall on budget for the first four months. But action was being taken to ensure year-end results would be similar to the previous year.

After a lower tax charge of £93,000 (£115,000) basic earnings per 5p share were unchanged at 3p for the half year. The company intends to continue paying one dividend a year—last year's single payment was 1.2p on £626,000 profits.

Kewill said yesterday that sales of Micross production control software were still growing. The limited operations in the US had again made a small loss, but the signs were now more encouraging and the company expected to have a positive return in its next financial year.

The company was renegotiating its arrangements with a US associate and expected to make a further announcement shortly.

PSI had incurred a loss and a reshaping of this subsidiary was taking place.

# Mayfair & City downturn

Additional finance costs were reflected in a fall in pre-tax profits of Mayfair & City Properties from £424,000 to £353,000 for the six months to September 30 1986.

The company said the increased costs related to the expanded investment portfolio, the benefits of which would accrue in future accounting periods.

Gross rental income from investment properties rose 35 per cent to £830,000 (£617,000). Tax charge was £122,000 (£162,000) and after an extraordinary credit of £74,000 this time, attributable profits came to £306,000 (£262,000).

Earnings per 25p share rose by 0.3p to 2.5p and the interim dividend is maintained at 1.1p net—last year's total payment was 3p on £918,000 pre-tax profits.

The company said the letting of its office building in Hanover St, London W, at a quoted rental of £210,000 per annum had been concluded with rent commencing in October 1986.

Mayfair had contracted to acquire a long leasehold interest in a shopping centre at Cowley, Oxford for £5.75m and completion was due this month. It also acquired a property in Lichfield, Staffordshire, for £385,000. These would result in a significant increase in the group's rental income.

Two properties were sold for £900,000 realising a surplus over cost of £105,000. In November, 1986, a further property was sold for £750,000 also yielding a surplus.

# Increased margins lift Lookers by 23%

Record profits were achieved by Lookers, Manchester-based motor vehicle distributor and engineer, in the year ended September 30 1986. At the pre-tax level they were up from £2.29m to £2.82m and the directors believed the performance compared favourably within the market sector.

Turnover totalled £164.46m, compared with £161.19m. This was equal to a percentage increase of 2, compared with the pre-tax profit rise of 23.

The directors attributed the improved margins to better trading in the parts, servicing, hire purchase, and used vehicle activities. The group's main franchises for new vehicles are General Motors (Vauxhall, Opel, Bedford) and Austin/Rover.

The current year had started well, they added, despite lower activity of the agricultural machinery division.

Shareholders get a dividend lift of 1.5p net per share. The final payment is 4.4p for a total of 6.4p (4.9p). Earnings came to 24.5p (19.4p).

Tax charge came to £814,000 (£703,000) and there were extraordinary debits of £19,000 (£65,000).

# UK COMPANY NEWS



## Blick well above forecast as profits pass £3m mark

PRE-TAX PROFITS some £230,000 above forecast at £3.08m were achieved by Blick in the year ended September 30 1986.

And Mr Alan Elliot, chairman, said he faced the future with confidence. And the company had made an excellent start to the current year.

The company, which is involved with time-recording equipment and on-site paging, made its debut on the London market in June 1986. The offer was undersubscribed and first day dealings saw the shares at a discount of 14p to the 147p offer price.

The profit for the year came to £3.08m and compared with £1.97m (subject to exceptional costs £155,000) in 1984-85. The final dividend is the forecast 2p.

Blick claims UK market leadership in sales and rentals of clocking-in equipment, selling and renting products made by Amano of Japan and Isgus of West Germany. It does not manufacture equipment. It is also a prominent UK maker and supplier of on-site radio paging equipment.

Turnover rose by £1m to £14.43m, with equipment sales up by £8.27m (£8.08m) and revenue from existing customer base ahead to £6.16m (£5.36m).

Equipment sales were split as to time recording £5.09m (£4.6m), paging £2.55m (£2.98m), and communications £635,000 (£499,000). On the continuing customer base side rental income from finance and operating leases accounted for £2.71m (£2.26m), maintenance for £2.42m (£2.25m), and repeat supplies for £1.03m (£855,000).

Mr Elliott said the extensive customer base continued to provide the group with growth in high quality earnings. Furthermore, this year's increase in annual rental charges was 7.95 per cent.

In time recording, the core business of electro-mechanical equipment continued to do well, while the electronic and computerised systems of much higher value were making significant headway in an expanding market place.

In paging equipment, the group had been aggressive in the face of intense competition in the hospital paging market. Combined with a decision to eliminate low-margin sales, that produced a short-term decline in turnover.

Available profit for the year worked through at £2.13m (£1.28m) after tax £984,000 (£592,000) and extraordinary credit £34,000 (£56,000). The dividend absorbed £600,000.

The directors confirmed that they were fully committed to furthering growth by acquisition.

**● comment**

These were strong figures indeed from Blick, but the shares, still recovering from their perceived overvaluation in the offer for sale last June, managed to close only 1p above their flotation price of 147p. The bulk of the profits growth is coming from contracted income on rentals of clocking-in equipment as customers switch from electro-mechanical products to higher value computerised systems. The radio paging business proved less profitable than in the year before, though Blick hopes for a boost to this side of the business this year from a likely Middle East contract. Continued growth in contracted income together with the proceeds from the flotation should see the company to £3.6m this year, putting the shares on a prospective p/e ratio of a little under 12. That still looks a generous rating: the market lacks obviously comparable stocks, but Southern Business, whose growth in contracted income is feeding earnings growth of 20-25 per cent, is on a mere 10.

## Support for Bryant's pension fund purchases

By Clay Harris

Bryant Holdings said yesterday that members of its pension fund fully supported the fund trustee's decision to buy shares in the housebuilder and property developer which is fighting a £187m bid from English China Clays.

The fund's purchase of 1.27 per cent of Bryant's shares, at a total cost of £2.19m, were "directly in the interests of the members of the fund and have been made for no other reason," the fund's trustee company said. Its three directors are also directors of Bryant.

A subsequent poll of pension fund members had not revealed anyone who disagreed with the share purchases. So far 414 members, 55 per cent of the total, had given their full support. About 10 per cent of the fund's assets were invested in Bryant shares.

The trustee said it had "satisfied itself that the purchases would be both legally proper and financially prudent" before buying any shares. It believed members' interests would be "severely prejudiced" if ECC's bid succeeded, predicting an "extensive programme of redundancies."

Bryant claimed that one-third of the workforce of Swindon-based housebuilder Bradleys was made redundant within a few months of ECC taking control.

The clays, quarrying and construction group said yesterday, however, that only 180 out of 1,000 jobs were lost and that ECC counselling assisted 95 per cent of the employees to find new jobs.

Schroders, ECC's financial adviser, yesterday questioned the validity of a poll of employees made by the company's directors during a bid. "To even have to make such a statement indicates that they're feeling rather nervous about the action they took in buying shares," Mr Nicholas Jones said.

EEC said yesterday that an associate company had raised its interest in Bryant to 21.4 per cent. With ECC down 4p to 347p, its share offer values Bryant at 190p, with a cash or loan note alternative of 180p. Bryant lost 1p to 179p.

## Berisfords shares jump after approach

BY NIKKI TAIT

SHARES in Berisfords Group, the Cheshire ribbon and labels manufacturer, jumped 22p to 137p yesterday as the board announced that it had received an approach which may lead to an offer being made for the company.

The Berisfords board said it was discussing the matter with Hill Samuel, its advisors, and would make a further announcement in due course.

Last June, a £7m offer for the company—including a cash alternative of 127p a share—from Allied Textile Companies was successfully rebuffed after Berisfords made two profit forecasts. The first, for 1985-86, was met only after crediting a property surplus of £120,000, and the company has warned that full-year results for 1986-87 are likely to fall short of the second.

However, ATC yesterday ruled itself out of the current bid discussions, and according to chairman and chief executive Mr Charles Russell Smith, would not now wish to get involved in a contested bid situation at Berisfords.

In the course of the ATC bid, Berisfords placed a key 26 per cent holding previously owned by Rexmore. Part of that went to Manchester-based William Keynon & Sons, giving the privately-owned company a 14.6 per cent holding, with institutions picking up the remainder. Yesterday, directors at Keynon refused to comment on news of the bid talks.

Last week, Berisfords announced that it had sold its industrial and embroidery divisions for a total of £900,000—with the industrial divisions going to Keynon for £480,000. These sales will not be affected by the bid proposals, said Berisfords yesterday.

A second quoted company, Marling Industries, webbing manufacturer — which was interested in purchasing Berisford's industrial interests — also denied yesterday that it was the mystery bidder.

## Bestwood requests egm at Buckley's Brewery

BY NIKKI TAIT

Bestwood, financial services and property services group headed by Mr Tony Cole, has served notice on the directors of Llanelli-based Buckley's Brewery, requesting them to call an extraordinary general meeting. Mr Cole wants a seat on the board and the removal of Mr R. Clutterbuck, a director of Whitbread.

Directors of Buckley's said that they received Mr Cole's letter yesterday morning, and were obliged to call a meeting within 21 days. The board was also looking to appoint outside advisors.

Westwood has increased its stake in Buckley's by a further 80,000 shares (0.53 per cent) taking its total holding to 27.57 per cent. It is now level with Whitbread, a long-term shareholder, which has recently raised its stake from 16 to 21.67 per cent, and holds a further 6 per cent through Whitbread Investment Company.

The only other shareholder with a disclosable interest is Britannic Assurance which has been selling shares recently, reducing its holding from 11.1 per cent to a little more than 8 per cent.

## Burndene hits £2m and plans capital restructure

Burndene Investments, manufacturer of caravans, mobile homes and clothing, made strong progress in 1985-86 and said yesterday that prospects for the current year were encouraging.

The new holiday caravans produced by the Willerby Caravan offshoot had been well received and the company hoped to further increase its share of this market both in the UK and Europe.

Sales at K. Leigh Stockings for the first three months of 1986-87 were some 20 per cent higher than a year ago and the directors anticipated that the current year would bring further satisfactory progress in the company's affairs.

Group turnover for the year to September 27 1986 totalled £18.92m and at the pre-tax level profits amounted to £2.05m. Comparative figures of £16.87m and £755,615 respectively were for the 16 months to September 1985.

Earnings worked through at 19p (7.37p for period) and a final dividend of 3.5p makes a total of 4.75p (1.4p) net per 15p share.

The directors are proposing a capital reorganisation.

Subject to shareholders' approval, and confirmation by the Court of Session of a reduction of capital, it is proposed that £1,024,688 of ordinary share capital can be cancelled, that is 10p per share on each of the existing 10,246,883 issued ordinary of 15p, to be replaced by a corresponding 10p of 15 per cent unsecured loan stock, 2007/12.

## Midland Bank ventures arm profits soar

Midland Montagu Ventures—formerly Midland Bank Equity Group—a subsidiary of the Midland Bank, achieved record profits of £16.9m pre-tax for the year ended September 30 1986. This was compared with £5.3m. After tax and extraordinary items, profits emerged at £9.9m, against £3.5m.

The directors explained that profits were achieved largely as a result of capital gains from the flotation or trade sale of companies in which investments were held. These gains amounted to £17.4m (£5.8m)

During the year 29 (21) investments were made.

## Simon stands firm

Simon Engineering yesterday urged shareholders to take no action on Valuedale's revised management buy-in offer. Mr Harry Harrison, chairman, said the new offer was ill-conceived and added nothing of value.

## Second half downturn for LPA

A downturn in second half profits at LPA Industries, industrial electrical accessory concern, has left the taxable figure for the year to September 30 1986 36 per cent behind at £632,918, compared with £995,517. Turnover for the full period slipped from £6.02m to £5.79m.

However, the USM company's forward order book stands at a record £1.5m, deliveries were due to start in February against the Railway Fittings contracts, and further contracts were being vigorously negotiated and sought, the directors stated. Because of this they said they had every reason to anticipate improved results in the current year.

After tax of £243,338, against £351,335, earnings per 10p share were given as 5.96p (9.86p) while the dividend is in effect increased to 3p (2.5p adjusted) with a final payment of 1.6p.

As at September 30 1986 total group assets stood at £3.77m (£3.58m), equal to 57.8p (54.8p) per share.

## BOARD MEETINGS

**TODAY**

Interims: British Gas, Davy Corporation, Dowty.

Finals: Anglia Television, First Leisure Corporation, Microgen, Southern Business.

**FUTURE DATES**

| Interims— | |
|---|---|
| AGB Research | Jan 23 |
| Associated Fisheries | Jan 29 |
| Bristol Channel Ship Repairs | Jan 30 |
| Churchbury Estates | Jan 22 |
| Cray Electronics | Jan 28 |
| Dale Electric | Jan 27 |
| McKay Securities | Jan 22 |
| Neepsend | Jan 29 |
| Personal Computers | Feb 5 |
| Ratcliffs (F. S.) Inds. | Jan 29 |
| Savills (J.) Gordon | Jan 26 |
| Watshams | Jan 30 |
| Wholesale Fittings | Jan 30 |
| **Finals—** | |
| Camford Engineering | Jan 28 |
| Edinburgh American Assets | Jan 29 |
| Heavitree Brewery | Jan 30 |
| Lonrho | Jan 29 |
| Shell Transport and Trading | Mar 5 |
| Standard Securities | Jan 23 |



# London & Scottish banks' balances

## as at December 31 1986

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.

| AGGREGATE BALANCES | Total outstanding £m | £m | Change on month £m | £m |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Sterling deposits: | | | | |
| UK monetary sector | 26,819 | | + 549 | |
| UK private sector | 105,318 | | + 232 | |
| UK public sector | 3,064 | | + 23 | |
| Overseas residents | 14,957 | | + 468 | |
| Certificates of deposit | 7,793 | | − 137 | |
| | | 157,950 | | +1,135 |
| of which: Sight | | 68,162 | | + 202 |
| Time (inc. CDs) | | 89,788 | | + 933 |
| Foreign currency deposits: | | | | |
| UK monetary sector | 20,657 | | +1,935 | |
| Other UK residents | 8,249 | | + 205 | |
| Overseas residents | 45,007 | | −1,715 | |
| Certificates of deposit | 4,697 | | − 662 | |
| | | 78,610 | | − 238 |
| Total deposits | | 236,560 | | + 897 |
| Notes in circulation | | 1,053 | | + 93 |
| Other liabilities* | | 41,490 | | + 159 |
| TOTAL LIABILITIES | | 279,102 | | +1,150 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Cash and balances with Bank of England: | | | | |
| Cash ratio deposits | 493 | | + 1 | |
| Other balances | 2,780 | | + 483 | |
| | | 3,273 | | + 484 |
| Market loans: | | | | |
| Discount houses | 4,392 | | + 362 | |
| Other UK monetary sector | 27,456 | | − 267 | |
| UK monetary sector CDs | 3,899 | | − 320 | |
| Local authorities | 1,486 | | + 8 | |
| Other | 5,485 | | + 390 | |
| | | 42,839 | | + 173 |
| Bills: | | | | |
| Treasury bills | 202 | | + 21 | |
| Other bills | 3,442 | | + 254 | |
| | | 3,644 | | + 275 |
| Investments: | | | | |
| British Government stocks | 6,311 | | + 13 | |
| Other | 5,212 | | + 42 | |
| | | 11,523 | | + 55 |
| Advances: | | | | |
| UK private sector | 102,881 | | +1,778 | |
| UK public sector | 372 | | + 65 | |
| Overseas residents | 6,225 | | + 97 | |
| | | 109,477 | | +1,940 |
| Other sterling assets* | | 15,948 | | − 315 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| UK monetary sector | 18,896 | | + 491 | |
| Certificates of deposit | 538 | | + 23 | |
| Other | 37,231 | | − 632 | |
| | | 56,665 | | − 118 |
| Bills | | 419 | | − 399 |
| Advances: | | | | |
| UK private sector | 7,235 | | + 176 | |
| UK public sector | 873 | | − 27 | |
| Overseas residents | 18,272 | | − 264 | |
| | | 26,380 | | − 114 |
| Other foreign currency assets* | | 8,874 | | − 922 |
| TOTAL ASSETS | | 279,102 | | +1,150 |
| Acceptances | | 6,686 | | +1,284 |
| Eligible liabilities | | 117,752 | | +1,441 |

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUP BALANCES

| | CLSB groups £m | Bank of Scotland £m | Barclays £m | Lloyds £m | Midland £m | National Wstmnstr. £m | Royal Bk. of Scot. £m | Standard Chartered £m | TSB £m |
|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES OUTSTANDING** | | | | | | | | | |
| Sterling deposits | 157,950 | 6,309 | 35,794 | 25,391 | 24,690 | 42,828 | 9,179 | 3,466 | 10,292 |
| Change on month | +1,135 | +113 | +889 | +802 | −722 | +46 | +391 | −59 | −325 |
| Foreign currency deposits | 78,610 | 1,266 | 15,725 | 10,181 | 14,335 | 23,807 | 4,340 | 8,831 | 124 |
| Change on month | −238 | +87 | +291 | −908 | −856 | +787 | +421 | −99 | +40 |
| Total deposits | 236,560 | 7,575 | 51,518 | 35,572 | 39,026 | 66,635 | 13,519 | 12,298 | 10,416 |
| Change on month | +897 | +200 | +1,179 | −105 | −1,578 | +833 | +812 | −159 | −285 |
| **STERLING ASSETS OUTSTANDING** | | | | | | | | | |
| Cash and balances with the Bank of England | 3,273 | 400 | 506 | 267 | 981 | 589 | 621 | 18 | 201 |
| Change on month | +484 | +64 | +88 | +61 | +95 | +40 | +68 | +6 | +63 |
| Market loans—UK monetary sector | 32,048 | 915 | 6,704 | 4,224 | 4,272 | 12,025 | 1,001 | 906 | 2,001 |
| Change on month | +95 | +61 | −91 | +29 | −12 | +173 | +228 | +19 | −304 |
| Other | 10,851 | 125 | 2,402 | 1,455 | 963 | 3,462 | 333 | 374 | 1,738 |
| Change on month | +78 | −9 | +163 | +2 | −223 | +75 | +13 | +58 | −2 |
| Bills | 3,644 | 101 | 1,067 | 1,253 | 36 | 595 | 282 | 56 | 205 |
| Change on month | +275 | +12 | +135 | +333 | −51 | −152 | +21 | +4 | −27 |
| British Government stocks | 6,311 | 274 | 1,149 | 379 | 1,219 | 907 | 230 | 210 | 1,743 |
| Change on month | +13 | −20 | +7 | 0 | +103 | −9 | +3 | −1 | −71 |
| Advances | 109,477 | 5,335 | 25,526 | 17,607 | 15,326 | 27,119 | 7,583 | 2,654 | 5,343 |
| Change on month | +1,940 | +73 | +624 | +402 | +11 | +609 | +207 | −35 | +9 |
| **FOREIGN CURRENCY ASSETS OUTSTANDING** | | | | | | | | | |
| Market loans and bills | 57,084 | 596 | 12,961 | 8,288 | 7,386 | 18,868 | 3,374 | 5,960 | 73 |
| Change on month | −427 | +104 | +633 | −797 | −312 | +364 | +288 | −342 | +36 |
| Advances | 26,380 | 867 | 3,977 | 2,576 | 6,821 | 6,041 | 1,256 | 3,786 | 55 |
| Change on month | −114 | −24 | −142 | +123 | +185 | −281 | +18 | +6 | +1 |
| ACCEPTANCES OUTSTANDING | 6,686 | 205 | 1,780 | 520 | 1,760 | 1,289 | 530 | 421 | 151 |
| Change on month | +1,284 | −8 | +505 | +22 | +410 | +201 | +26 | +12 | +17 |
| ELIGIBLE LIABILITIES OUTSTANDING | 117,752 | 3,345 | 27,174 | 19,601 | 19,321 | 28,224 | 7,730 | 2,422 | 7,936 |
| Change on month | +1,441 | +53 | +959 | +909 | −555 | −47 | +200 | −151 | +43 |

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Commercial Union Trust Managers**
S. Helen's, 1 Undershaft, EC3P 3DQ 01-283 7500
Dealing 01-686 9818

| | | | | |
|---|---|---|---|---|
| CU UK & General | 48.3 | 51.7 | +0.1 | 3.38 |
| Do Accum | 48.3 | 51.7 | +0.1 | 3.38 |
| CU Income | 48.2 | 51.6 | +0.1 | 4.84 |
| Do Accum | 48.2 | 51.6 | +0.1 | 4.84 |
| CU Worldwide Spec Sits | 48.6 | 52.0 | +0.2 | 1.92 |
| Do Accum | 48.6 | 52.0 | +0.2 | 1.92 |

**Confederation Funds Mngt Ltd (a)**
50 Chancery Lane, WC2A 1HE 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 272.4 | 286.7 | — | 4.25 |

**Cornhill Unit Trust Mngrs Ltd**
PO Box 13b, Beckenham, Kent BR3 4XP. 01-658 9611

| | | | | |
|---|---|---|---|---|
| UK Equity Inc & Acc | 54.0 | 57.5 | +0.3 | 3.5 |
| Intnl. Inc & Acc | 53.4 | 56.8 | +0.1 | 2.0 |

**County Unit Trust Managers**
161 Cheapside, London EC2V 6EU 01-726 1999

| | | | | |
|---|---|---|---|---|
| Energy Tst | 51.3 | 54.2 | +0.3 | 3.59 |
| European Growth Tst | 79.0 | 83.7 | −0.4 | 0.62 |
| Extra Inc | 180.1 | 190.6 | +0.6 | 5.07 |
| Financial | 184.8 | 195.6 | −0.4 | 2.21 |
| Gilt Strategy | 57.0 | 58.8 | | 1.39 |
| Global Inc Trust | 62.7 | 66.4 | +0.5 | 4.51 |
| Growth Investment | 309.1 | 327.1 | +1.2 | 2.57 |
| Income & Growth Tst | 45.3 | 47.9 | | 4.65 |
| Intnl Recovery Tst | 124.8 | 132.0 | +1.9 | 2.15 |
| Japan Growth Tst | 205.4 | 217.3 | +0.4 | 0.60 |
| North Am Gwth Tst | 106.0 | 112.1 | +2.4 | 1.39 |
| Smaller Companies | 241.0 | 255.1 | +0.5 | 1.91 |
| South East Asia | 72.1 | 76.4 | −0.4 | 1.27 |
| Special Sits (Acc) | 309.1 | 327.1 | +1.8 | 1.97 |

**Crown Unit Trust Services Ltd**
Crown House, Woking GU21 1XW 04862 24955

| | | | | |
|---|---|---|---|---|
| Crown American Tst | 131.5 | 139.9 | +0.5 | 0.71 |
| Crown European Tst | 126.6 | 134.7 | −0.3 | — |
| Crown Growth Trust | 247.0 | 262.8 | +1.0 | 2.76 |
| Crown High Inc. Trust | 275.5 | 293.1 | −0.5 | 4.46 |
| Crown Intl Tech Tst | 115.8 | 123.2 | +1.7 | — |
| Crown Japanese Tst | 154.1 | 163.9 | +1.5 | — |

**Crusader Unit Trust Managers Ltd**
Reigate, Surrey, RH2 8BL 07372 42424

| | | | | |
|---|---|---|---|---|
| UK Income | 53.2 | 56.7 | +0.1 | 4.72 |
| UK Growth Acc | 55.5 | 59.1 | | 2.41 |
| UK Growth Dist | 55.5 | 59.1 | | 2.41 |
| European Growth | 62.5 | 66.5 | −0.6 | 1.86 |
| Pacific Growth | 57.6 | 61.3 | +0.2 | 0.61 |

**Gartmore Fund Managers—Contd.**

| | | | | |
|---|---|---|---|---|
| Hong Kong Trust | 36.6 | 39.2 | +0.6 | 1.20 |
| Income Fund | 86.0 | 91.3 | +0.5 | 3.17 |
| Inst. Agencies Tst | 55.78 | 57.37 | −0.02 | 1.81 |
| Intl Fxd Int Tst | 24.6 | 26.3 | +0.2 | 9.30 |
| Japan Trust | 137.4 | 145.7 | +1.0 | 0.00 |
| Managed Exempt Fd | 274.1 | 285.6 | −0.2 | 2.09 |
| Oil & Energy Trust | 37.9 | 40.3 | −0.3 | 2.70 |
| Special Sits. Tst | 109.8 | 116.5 | +0.5 | 0.74 |
| UK Sm. Co. Rec. Trust | 82.5 | 87.6 | +0.4 | 1.20 |

**Global Asset Management**
**GAM Sterling Management Ltd**
12 St James's Place, London SW1 01-493 9990

| | | | | |
|---|---|---|---|---|
| GAM £ & International | 242.0 | 249.5 | — | 1.08 |
| GAM N. America Inc | 129.0 | 133.0 | — | 2.74 |
| GAM N. America Acc | 136.6 | 140.9 | — | 2.74 |
| GAM Pen & Chy Wwde* | 172.5 | | — | — |
| GAM Far East Unit Tst | 100.0 | | — | — |
| GAM Pen & Chty UK* | 141.0 | | — | — |

*Unauthorised

**Govett (John) Unit Mngt. Ltd**
Winchester House, 77 London Wall, EC2 01-588 5620
Dealing: 01-588 0526

| | | | | |
|---|---|---|---|---|
| Govett AmericanGrowth | 68.6 | 72.9 | +1.5 | 0.85 |
| Govett America Inc | 73.6 | 78.2 | +1.1 | 4.19 |
| Govett Gold & Mn | 31.7 | 35.0 | +1.2 | 0.85 |
| Govett Intl Gwth | 90.9 | 96.7 | +1.1 | 1.09 |
| Govett Japan Gwth | 158.6 | 165.4 | −0.1 | — |
| Govett European Gwth | 245.1 | 260.7 | −1.6 | 0.43 |
| Govett Pacific Inc | 75.5 | 80.3 | +1.1 | 3.86 |
| Govett UK Spec Opps | 112.0 | 119.1 | +2.2 | 0.87 |
| Exempt Amer Jan 15 | 114.5 | 119.8 | --- | 2.05 |
| Exempt Pacific Jan 15 | 190.1 | 199.1 | --- | 0.99 |
| Exempt Sm Cos Jan 15 | 149.3 | 156.8 | --- | 2.00 |
| UK Progressive Inc | 61.0 | 64.9 | +0.3 | 4.74 |

**Granville Unit Tst Mngt Ltd**
8 Lovat Lane, London EC3 8DT 01-621 1212

| | | | | |
|---|---|---|---|---|
| Granville Capital | 71.1 | 74.5 | +0.4 | 2.06 |
| Granville Small Co Tst | 34.6 | 37.2 | +0.0 | 1.64 |

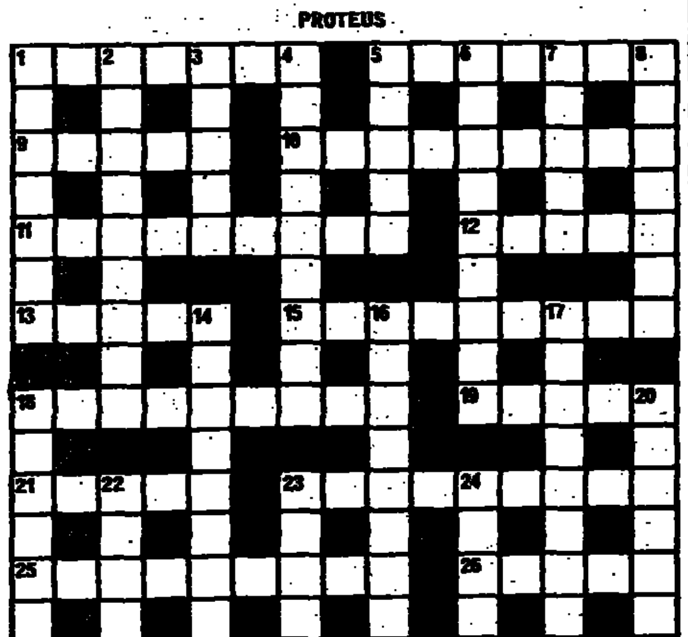
**Gresham Unit Trust Managers**
9-17 Perrymount Rd, Haywards Heath 0444 416581-2

| | | | | |
|---|---|---|---|---|
| Gresham Global Growth | 167.3 | 178.5 | +1.5 | 1.27 |
| Gresham Inc | 159.6 | 170.7 | +0.1 | 4.46 |
| Gresham Intnl Inc | 24.4 | 26.1 | +0.4 | 5.35 |
| Gresham N Amer Growth | 24.2 | 25.9 | +0.2 | 1.95 |

# INSURANCES

## FT CROSSWORD PUZZLE NO 6,232

PROTEUS



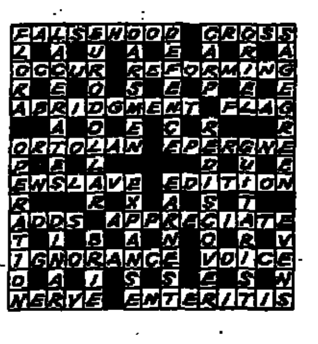
**ACROSS**

1 Cheekier one putting cup-holder out (7)
5 Racing expert given hint to rest perhaps (7)
9 Journeys at right time of month in ancient Rome (5)
10 Optical instrument fairies have to contend with (9)
11 Ignore girl's look (9)
12 To be selected for fat content (5)
13 Narrow strip on back sections (5)
15 Do they seek to influence juries by affectionate hugs? (9)
18 Changed gear and set things right (9)
19 Run on late edition (5)
21 Church ladies outfit of plain clothes (5)
23 Be quick to ascribe beauty to instrument (4,5)
25 Woodworker putting rubbish on island (9)
26 Drink to royal return (5)
27 Clear fragrant oil obtained at dancing-party (7)
28 Critically examine boy over false imputation (7)

**DOWN**

1 Progress in antipodean trousers? (7)
2 Not wanted as drunken nude dries out (9)
3 Publication for children (5)
4 They pass on stories from traveller to consumers (9)
5 Dressed it up with colour (5)
6 Musical composition driving clergyman to drink? (9)
7 Model getting scrape from pin on boat (5)
8 They might be worn by those who smoke them (7)
14 Quiet inmate's high position (9)
16 Defects of inefficient fieldsmen (3,6)
17 Set off, wandered about, and became cut off (9)
18 Old magazine for the hiker (7)
20 Costume suitable for a very gentle Lear? (7)
22 Reputed to have had a meal in the morning (5)
23 Oblivion for doctor in oil speculation (5)
24 Musical aid to seat about 50 (3-2)

**Solution to Puzzle No. 6,231**



# AUTHORISED UNIT TRUST & INSURANCES

**Crown Assurance Ltd**
1 Olympic Way, Wembley HA9 0NB — 01-902 8876
2nd Series Life Accumulation

| | | | | |
|---|---|---|---|---|
| Equity | 349.9 | 370.3 | -2.6 | — |
| High Income | 300.1 | 317.6 | -1.3 | — |
| Property | 216.6 | 229.2 | — | — |
| Managed | 254.5 | 269.3 | -0.4 | — |
| Deposit | 176.4 | 186.7 | — | — |
| Gilt | 179.3 | 189.7 | +0.5 | — |
| American | 252.3 | 267.0 | +0.5 | — |
| International Money | 199.1 | 210.7 | +0.5 | — |
| Index | 109.3 | 115.7 | -0.2 | — |
| Far East | 210.8 | 223.1 | +1.2 | — |
| Global | 104.1 | 110.2 | -0.4 | — |
| European | 109.6 | 116.0 | -0.4 | — |
| Japan | 113.7 | 120.3 | — | — |
| Residential Property | 96.7 | 102.3 | — | — |

2nd Series Pension Accumulation

| | | | | |
|---|---|---|---|---|
| Equity | 556.6 | 589.0 | -4.4 | — |
| High Income | 356.6 | 377.4 | -1.8 | — |
| Property | 304.1 | 321.8 | — | — |
| Managed | 367.8 | 389.2 | -0.4 | — |
| Deposit | 261.9 | 277.1 | — | — |
| Gilt | 253.4 | 268.1 | -0.3 | — |
| American | 395.2 | 418.2 | +1.0 | — |
| International Money | 286.7 | 303.4 | +1.2 | — |
| Index | 120.2 | 127.2 | -0.2 | — |
| Far East | 233.0 | 246.6 | +1.4 | — |
| Global | 106.6 | 112.8 | -0.6 | — |
| European | 113.7 | 120.3 | -0.5 | — |
| Japan | 118.9 | 125.8 | — | — |
| Residential Property | 97.4 | 103.1 | — | — |

Other Funds

| | | | | |
|---|---|---|---|---|
| Equity Units | | 74.85 | -0.54 | — |
| Property Units | | 22.87 | — | — |
| Equity Bond/Exec | 46.48 | 49.19 | -0.33 | — |
| Property Bond/Exec | 30.90 | 32.70 | — | — |
| Balanced Bond/Exec | 35.81 | 37.89 | -0.06 | — |
| L&E SIF 1 | 118.5 | 125.5 | — | — |
| L&E SIF 2 | 77.0 | 81.5 | — | — |

**City of Edinburgh Life Assurance**
46 Charlotte Sq, Edinburgh EH2 4HQ — 031-225 1655

| | | | | |
|---|---|---|---|---|
| Ivory & Sime Bond | 115.0 | 122.0 | — | — |
| Risk & Reward Bond | 143.0 | 151.0 | — | — |
| Murray Johnstone Fd | 133.0 | 140.0 | — | — |
| Money Market Fd | 110.0 | 116.0 | — | — |
| Investment Strategy Fd | 97.00 | 103.0 | — | — |
| Predator Fd | 95.0 | 100.0 | — | — |
| Ivory & Sime Pens Fd | 119.0 | 125.0 | — | — |
| Risk & Reward Pens Fd | 125.0 | 132.0 | — | — |
| Murray J'stone Pens Fd | 128.0 | 135.0 | — | — |
| Money Market Pens Fd | 110.0 | 116.0 | — | — |
| Inv Strategy Pens Fnd | 97.103 | 103.0 | — | — |
| Predator Pen Fd | 95.0 | 100.0 | — | — |

**City of Westminster Assurance**

**Devonshire Life—Contd.**

| | | | | |
|---|---|---|---|---|
| Money | 100.6 | 105.8 | — | |
| Pen Managed | 129.1 | 136.0 | -0.3 | |
| Pen World Growth | 101.6 | 107.1 | -0.4 | |
| Pen UK Equity | 139.3 | 146.8 | -0.1 | |
| Pen UK Small Cos | 129.8 | 136.8 | -0.5 | |
| Pen European | 105.5 | 111.2 | +0.2 | — |
| Pen Far Eastern | 211.5 | 222.7 | -3.5 | — |
| Pen Nth American | 93.3 | 98.3 | -0.2 | — |
| Pen Fixed Interest | 109.3 | 115.2 | -0.4 | — |
| Pen Index Lnkd Stk | 100.8 | 106.2 | -0.2 | — |
| Pen Money | 104.9 | 110.5 | +0.1 | — |

**Eagle Star Insurance Co Ltd**
Bath Road, Cheltenham GL53 7LQ — 0242 521311

| | | | | |
|---|---|---|---|---|
| Secure Fund | 104.2 | 109.7 | +0.1 | — |
| Blue Chip Fund | 130.8 | 137.7 | +0.3 | — |
| Performance Fund | 157.3 | 165.6 | +0.9 | — |
| Adventurous Fund | 152.8 | 160.9 | +0.8 | — |
| Pensions Secure | 95.4 | 100.5 | +0.1 | — |
| Pensions Blue Chip | 100.0 | 105.3 | +0.2 | — |
| Pensions Performance | 100.7 | 106.1 | +0.7 | — |
| Pensions Adventurous | 101.2 | 106.6 | +0.6 | — |
| Pensions With Profits | 98.5 | 103.7 | +0.1 | — |

**Eagle Star Insur./Midland Assur.**
1 Threadneedle St, London EC2 — 01-588 1212

| | | | | |
|---|---|---|---|---|
| Eagle/Mid. Units | 171.5 | 177.8 | +0.7 | 4.21 |

**Equitable Life Assurance Society**
4 Coleman Street, London EC2R 5AP — 01-606 6611

| | | | | |
|---|---|---|---|---|
| Far Eastern | 177.0 | 186.3 | +1.3 | — |
| Fd of Inv Tsts | 148.4 | 156.3 | +0.1 | — |
| Gilt & Fixed Int | 116.0 | 122.1 | -0.3 | — |
| High Income | 164.2 | 172.8 | +0.7 | — |
| Intnl Growth | 111.2 | 117.0 | +0.7 | — |
| Managed | 135.0 | 142.1 | +0.3 | — |
| Money | 109.0 | 114.7 | — | — |
| North American | 123.4 | 129.9 | +2.1 | — |
| Pelican | 152.1 | 160.1 | — | — |
| Property | 107.4 | 113.0 | — | — |
| Special Sits | 156.8 | 165.0 | +0.3 | — |
| School Fee Managed | 148.0 | 155.8 | +0.4 | — |

Pension Funds

| | | | | |
|---|---|---|---|---|
| Far Eastern | 202.2 | 212.8 | +1.6 | — |
| Fd. of Inv. Tsts | 163.8 | 172.4 | +0.2 | — |
| Gilt & Fixed Int | 120.3 | 126.6 | -0.5 | — |
| High Income | 187.5 | 197.4 | -0.3 | — |
| International Growth | 114.9 | 120.9 | +1.1 | — |
| Managed | 148.0 | 155.8 | +0.4 | — |
| Money | 118.4 | 124.6 | — | — |
| North American | 128.9 | 135.7 | +3.0 | — |
| Pelican | 169.3 | 178.2 | — | — |
| Property | 107.4 | 113.1 | — | — |
| Special Sit | 175.3 | 184.5 | +0.5 | — |

# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

## MANAGEMENT SERVICES

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. $18.39
Inv. Adv. M. & G. Inv. Mngt., Ltd. London

**Yamaichi Capital Mngt (Guernsey) Ltd**
22 Smith St, St Peter Port, Guernsey. 0481 23765
Japan Meta Growth $10.70 -0.06

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg
Advanced Tech $18.85
Dynamic Gwth Fd $20.88

**Zero Bond Fund Limited**
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $12.39 13.08

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Charities Aid Fndtn Money Mngmt Co Ltd** Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461 | | | | |
| CAFCASH Call Fund | 10.39 | 7.77 | 11.40 | 3-mth |
| CAFCASH 7-day Fund | 10.62 | 7.94 | 11.66 | 3-mth |
| **The Charities Deposit Fund** 2 Fore Street, London EC2Y 5AQ 01-588 1815 | | | | |
| Deposit | 10.70 | 11.14CAR | | 3-Mth |
| **The Money Market Trust** 63 Qn Victoria St, EC4N 4ST 01-236 0952 | | | | |
| Call Fund | 10.56 | 7.89 | 11.53 | 6mth |
| 7-day Fnd | 10.51 | 7.85 | 11.46 | 6mth |
| **Oppenheimer Money Management Ltd** 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 10.57 | 7.90 | 11.35 | 6-Mth |
| 7-day Fund | 10.47 | 7.83 | 11.24 | 6-Mth |
| Dollar | 6.87 | 5.60 | 5.21 | 6-Mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484 | | | | |
| Full Service Chq Acc | 10.25 | 7.50 | 10.86 | Qtr |
| **Aitken Hume** 30 City Road, EC1Y 2AY 01-638 6070 | | | | |
| Treasury Acc | 10.25 | 7.68 | 11.10 | Qtr |
| Int Chq £1000-£5000 | 10.00 | 7.48 | 10.90 | Mth |
| Mth. Int. Chq £5,000+ | 10.25 | 7.68 | 11.18 | Mth |
| **Allied Arab Bank Ltd** 97-101 Cannon St, London, EC4N 5AD 01-283 9111 | | | | |
| High Int. Cheque Acct. | 11.00 | 8.22 | 12.03 | Mth |
| **Bank of Scotland** 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt Cheque Acc. | 10.25 | 7.66 | 11.18 | Mth |
| **Barclays Prime Account** | | | | |
| Demand Acc | 10.59 | 7.92 | 11.48 | Qtr |
| Money Acc | 10.53 | 7.87 | 11.42 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc | 10.00 | 7.48 | 10.90 | Mthr |
| Over £10,000 | 10.25 | 7.66 | 11.17 | Mth |
| **Western Trust & Savings Limited** The Moneycentre, Plymouth PL1 5E 0752 224141 | | | | |
| High Int Chq Acc | 11.00 | 8.22 | 11.94 | Qtr |
| **Wimbledon & South West Finance Co Ltd** 114 Newgate St, London EC1A 7AE. 01-606 9485 | | | | |
| High Int Cheque Acc | 11.25 | 8.41 | 12.23 | Qtr |

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 27 | NEI | 8 |
| Amstrad | 15 | Nat West Bk | 48 |
| BAT | 35 | P & O Dfd | 45 |
| BOC Grp | 28 | Plessey | 16 |
| BSR | 11 | Polly Peck | 36 |
| BTR | 26 | Racal Elect | 15 |
| Babcock | 16 | RHM | 24 |
| Barclays | 42 | Rank Org Ord | 45 |
| Beecham | 40 | Reed Intnl | 25 |
| Blue Circle | 55 | STC | 13 |
| Boots | 22 | Sears | 12 |
| Bowaters | 32 | TI | 40 |
| Brit Aerospace | 42 | TSB | 8 |
| Brit. Telecom | 17 | Tesco | 36 |
| Burton Ord | 26 | Thorn EMI | 42 |
| Cadburys | 17 | Trust Houses | 15 |
| Charter Cons | 24 | Turner Newall | 18 |
| Comm Union | 28 | Unilever | 140 |
| Courtaulds | 26 | Vickers | 36 |
| FNFC | 17 | Wellcome | 17 |
| Gen Accident | 75 | **Property** | |
| Gen Electric | 15 | Brit Land | 16 |
| Glaxo | 85 | Land Securities | 30 |
| Grand Met | 40 | MEPC | 32 |
| GUS 'A' | 85 | Peachey | 24 |
| Guardian | 75 | **Oils** | |
| GKN | 24 | BOM | 3½ |
| Hanson Tst | 18 | Brit Petroleum | 50 |
| Hawker Sidd | 42 | Burmah Oil | 32 |
| ICI | 75 | Charterhall | 4 |
| Jaguar | 42 | Premier | 3½ |
| Ladbroke | 32 | Shell | 65 |
| Legal & Gen | 20 | Tricentrol | 8 |
| Lex Service | 32 | Ultramar | 17 |
| Lloyds Bank | 38 | **Mines** | |
| Lucas Inds | 46 | | |
| Marks & Spencer | 18 | Cons Gold | 62 |
| Midland Bk | 48 | Lonrho | 22 |
| Morgan Grenfell | 26 | Rio T Zinc | 62 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## Nigeria to privatise commodity Boards

NIGERIA PLANS to privatise its six loss-making commodity Boards by next April at the latest, say government officials reports Reuter from Lagos.

They confirmed the new companies would have no monopoly and would have to compete with the rest of the private sector to purchase and market cocoa, coffee, rubber and other produce. Assets are now being valued before a share price is fixed.

The Boards, which were set up in 1977, stopped operations last June and the Government said they would be abolished on the last day of 1986.

Confusion about their fate was caused last week when General Gado Nasko, the Agriculture Minister, said they were not being abolished, but just privatised. The reason for the apparent policy switch was concern about the 6,000 jobs involved.

But the official sources said the Government had no intention of reversing its decision.

"To all practical purposes the Boards have been abolished," one source said, adding that a number of staff had already left.

"The others are being paid on a monthly basis. So when the companies are formed by next April at the latest they will know who they want to keep," he added.

But NASKO's comments appear to have given the impression to employees that they would all keep their jobs.

The president of the National Union of Public Corporation employees (NUCPE), Mr Bisi Okunola, praised the for what he called "resuscitating" the Boards. He urged the Government not to privatise them, the New Agency of Nigeria reported.

It was too early to predict the risk of labour unrest if the privatisation went through and buyers shed most of the workforce, observers said.

The officials said the details of the Boards' sale were still being worked out but a major problem was their heavy debt.

By 1983 the Boards had accumulated losses of $533m according to the Ministry. But the most heavily-indebted Board for palm produce, now owed about $140m alone, with assets of only about $10m.

Both the palm and rubber Boards were for several years obliged to pay farmers more than the world price and amassed debts with the Ceuntral Bank as a result.

"Clearly no private investor will want to buy into a company with such debts. So we are trying to see which can be written off and which can be converted as debentures or through other schemes," the officials said.

## Cotton price climbs to 20-month high

By Richard Mooney

PROSPECTS FOR a close supply/demand balance in the world cotton market are continuing to buoy up prices. Following a 2-cents-a-pound permissible limit rise in the New York market on Monday, the Cotlook "A" Index, published by Cotton Outlook, the Liverpool-based newsletter, advanced yesterday to 66.90p a pound—a 21-month high.

Five months ago the cotton price was at a 12-year low of about 32 cents a pound, reflecting expectations of bumper crops, particularly in the US and China. But then the weather went wrong in the US, cutting crop projections for 1986-87 to about 9.7m bales compared with 13.4m in 1985-86. This, together with growing doubts about China's ability to step up its exports (because of the limitations of its transport systems), breathed new life into the market.

By Christmas the price had passed the 60-cents-a-pound mark at which most of the world's producers are reckoned to start making money. Since then it has been edging steadily higher.

In the absence of significant fundamental developments traders are attributing the rise of the past few weeks chiefly to market sentiment. Although the price has doubled since last summer the present level is far from representing a "bonanza" for producers, they point out. So there seems little reason, so far, to expect a big rise in plantings for the 1987-88 season.

A return to normal weather conditions would obviously mean a substantial rise in US production, but with China expected to maintain a "restrained" growing policy and the Soviet Union struggling with structural and political problems in cotton areas the world total is unlikely to climb by much more than the 5.7m bales by which it is estimated to have fallen short of consumption in 1986-1987.

## Fresh effort urged for renewal of rubber pact

BY WONG SULONG IN KUALA LUMPUR

RUBBER PRODUCING and consuming nations are trying to launch a fourth round of negotiations on a new International Natural Rubber Agreement (Inra).

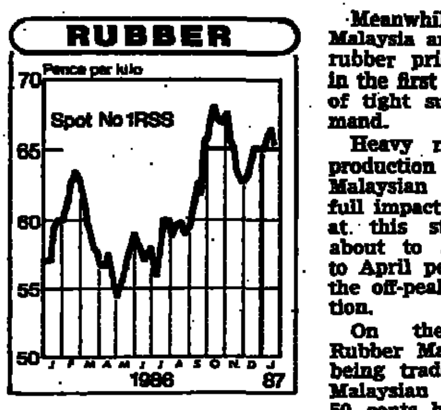
Mr Manaspas Xuto of Thailand, the Inra renegotiation conference chairman, has asked the UN Conference on Trade and Development in Geneva to set a date for further talks in March or April. This follows a meeting of the Association of Natural Rubber Producing Countries. (ANRPC) in Kuala Lumpur last week in which producers agreed to co-operate with consumers in negotiating a new pact.

The present Inra expires in October, after being extended by two years. The last round of talks in Geneva last October ended in failure when consuming nations demanded major changes in the buffer stock operations.

These include a minimum 5 per cent automatic price revision whenever the market price during the six month preceding a price review on average exceeded the trigger levels at which the buffer stock manager has to buy or sell.

Producers, which originally demanded an upward price revision and pressed for prices to be quoted in Malaysian currency, have agreed to leave the reference price of 201.66 Malaysian/Singapore cents a kg unchanged.

So far, major consumers, like the US, the EEC and Japan, have shown little inclination to renegotiate, but are reluctant to be accused of wrecking the agreement, which despite its shortcomings, has helped to stabilise prices.




Consumers are unhappy over the high cost of financing the 370,000 tonne stockpile built up by the buffer stock manager during 1984-85, and are also anxious to avoid another fiasco like that suffered by the International Tin Agreement.

The producers appear to be prepared to have another look at the consumers' demands, as some feel there are merits in the consumers' argument that a new agreement should be more attuned to market forces of supply and demand.

The main concern among producers is that the break-up of Inra would mean that the 370,000-tonne stockpile would have to be disposed of. This would be bound to depress prices.

Meanwhile rubber traders in Malaysia and Singapore expect rubber prices to remain firm in the first half of 1987 because of tight supply and good demand.

Heavy rains have affected production in the Southern Malaysian states, although the full impact is difficult to assess at this stage. Wintering is about to start—the February to April period is traditionally the off-peak season for production.

On the Kuala Lumpur Rubber Market, RSS No 1 is being traded at close to 230 Malaysian cents a kg, a good 50 cents higher than levels a year ago.

Demand for latex rubber has been particularly buoyant due to higher usage of gloves and condoms in the west due to the spread of aids.

Latex is being traded at 230 cents a kilo, compared with 190 cents a month ago and 160 cents a year ago.

According to the London-based International Rubber Study Group, rubber consumption—both natural and synthetic—rose by 160,000 tonnes to 13.56m tonnes in 1986.

Consumption of synthetic rubber rose to 9.18m tonnes from 9.04m, while natural off-take is put at 4.37m tonnes from 4.35m.

Natural rubber production is estimated at 4.39m tonnes compared with 4.34m tonnes in 1985. Synthetic output is put at 9.19m tonnes, up from 9m.

## High stocks depress tea market

BY ANDREW GOWERS

THE TEA TRADE has begun 1987 in goomy fashion with prices dropping briskly for all but a couple of the better-quality grades at the first three London auctions of the New Year.

Yesterday, while quality grades held their own, prices of medium and low medium teas fell again, and one London broker said: "The plain teas are very difficult to move."

The all-tea auction average, which has been slipping steadily in recent weeks, was down last week to 133.13p per kg and may have fallen again at the latest auction.

Brokers say that buying interest has been slack of late as UK buyers appear to have covered themselves against the anticipated fall in the 1986 world tea crop by making abnormally large private purchases in August and September, by-passing auctions by buying direct from producing countries and from traders.

As a result, stocks are high. According to figures from the Tea Brokers Association, warehouse stocks totalled 48.2m kg at the turn of the year compared with 42.6m at the beginning of 1986, following the bumper 1985 harvest, and blenders' stocks were 15.8m kg against 14.7m.

The soft London market contrasts with strong price trends in other auction centres — especially Sri Lanka, the second largest producer after India, which has made a pronounced recovery in recent months.

Statistics issued recently by the International Tea Committee confirm that world tea production was down by nearly 7 per cent in the first 10 months of 1986 from the same period of the previous year, at 983.6m kg. This was due in part to a drought in North India in the first few months of the year, which reduced the quantity but increased the quality of the harvest.

However, the reduction in yield was not sufficient to match the drop in demand last year, as a result of a sharp curtailment of tea purchases by countries in the Middle East hit by the fall in oil prices. This was the first significant interruption for many years in the growth of world tea consumption.

Brokers say the outlook for prices in coming months depends largely on the 1987 crop, on which it is too early to make any firm predictions.

## Citrus wrangle may delay Israel-EEC accord

BY ANDREW WHITLEY IN JERUSALEM

LAST MINUTE wrangling centred on the EEC's insistence on minimum reference prices for Israeli citrus exports is likely to delay this week's planned signing of a new agricultural goods access agreement between Israel and the Community.

The likely delay in introducing the new lower tariffs available under the protocol on a wide range of goods will have particularly severe effects on Israel's exports of cut flowers, already suffering following the reduction in import duties on Spanish and Portuguese flowers.

Mr Shimon Peres, the Israeli Foreign Minister, had been expected to sign the new agreement—part of the community's trade harmonisation plan for the Mediterranean basin—during a visit to Brussels later this week. But yesterday he said that "a slight delay" was likely while he remaining obstacles were being resolved.

Another current issue annoying Israeli officials is what they claim to be the European community's belated attempt to link conclusion of the agricultural access agreement to a mutual harmonisation of customs tariffs on trade in industrial goods by Israel and the new Iberian member countries.

"We don't accept this," said Mr Aryeh Zieff, a senior official in the agriculture ministry, indicating a strength of Israeli opposition on this issue which could hold up the implementation of the new treaty for some time.

Nor is the contentious problem of community reference prices likely to be solved at a stroke. "What we fear, said Mr Zieff, "is that in three to four years time the reference prices will be so high that we simply won't be able to export our citrus there any more."

At a press conference in Jerusalem yesterday, the Foreign Minister indicated that he would be seeking the help of his European hosts during the coming week in attempting to overcome the outstanding issues. Apart from Brussels, Mr Peres is scheduled to visit London and Paris.

Mr Peres said that "by and large" Israel was happy with the draft agreement, which he described as "fair."

## WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

**ANTIMONY:** European free market, 99.6 per cent, $ per tonne, in warehouse, 2,280-2,350 (2,290-2,360).

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.10-2.25 (2.15-2.25).

**CADMIUM:** European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.88-0.92 (0.87-0.92), sticks, 0.88-0.92 (0.87-0.92).

**COBALT:** European free market, 99.5 per cent, $ per lb, in warehouse, 6.10-6.30 (6.20-6.40).

**MERCURY:** European free market, min. 99.99 per cent, $ per flask, in warehouse, 158-170 (160-170).

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo. in warehouse. 3.10-3.15 (3.08-3.12).

**SELENIUM:** European free market, min. 99.5 per cent. $ per lb, in warehouse, 4.90-5.30 (4.80-5.20).

**TUGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit WO, cif. 36-46 (35-46).

**VANADIUM:** European free market, min. 98 per cent VO. other sources, $ per lb VO, cif, 2.48-2.53 (same).

**URANIUM:** Nuexco exchange value. $ per lb UO, 17.00 (same).

## Pig problem sparks Brussels row

BY TIM DICKSON IN BRUSSELS

WORSENING MARKET conditions in the European pigmeat sector—plus political realities in France and West Germany—were threatening to prolong a reconvened meeting of EEC Farm Ministers in Brussels last night.

The specific issue at stake was the highly complex but bitterly contested question of pigmeat monetary compensatory amounts (MCAs) which, notwithstanding the publicity given to the EEC's plan to distribute free food to the cold and hungry, dominated discussions in the Farm Council on Monday.

The problem arose following this month's realignment of the European Monetary System and the European Commission's subsequent proposal last week to impose provisional negative MCAs in the pigmeat, egg and poultry sectors, which are due to take effect tomorrow. The effect of this decision—designed to mitigate currency differences—will be to tax French exports of pigmeat and poultry and to provide a subsidy for West German producers selling outside their national market.

Sensitivities are high because the French claim that following a previous EMS realignment last April they won a commitment that their producers would suffer no negative MCAs in this sector in future. With just a few days to the Federal elections Mr Ignaz Kiechle, the West German Farm Minister, is equally insistent that the new levies and subsidies are an inevitable consequence of the recent currency revaluations.

Two compromises — one by the Italians to apply the negative MCAs on eggs and poultry as planned by the Commission but to devalue green currencies so that they would disappear on pigmeat — failed to find a qualified majority early yesterday morning leaving the parties involved struggling to find another solution ahead of tomorrow's deadline.

Besides the impending election in Germany—officials were conscious that German pig farmers were reported to be demonstrating on the Belgian frontier — the sensitivities are a direct result of the increasingly difficult situation in the European pigmeat industry. According to Copa, the major farm lobby in Brussels, farmers have been stepping up production of pigmeat on the back of cheap input costs and in the face of cutbacks in other sectors

According to a German official in Brussels yesterday pigmeat prices in West Germany are 15 per cent lower than a year ago and are at their lowest level in real terms for 20 years. The Brussels-based Advisory Committee on pigmeat, which represents a variety of interests from consumers to producers, reported this week that in 1986 the Community market price (annual average) was at its lowest level since 1980 and that "the fall in prices (around 9 per cent) in 1986 is without precedent."

## LONDON MARKETS

CURRENCIES were once again the dominant influence on London's commodity futures markets yesterday. As sterling weakened against the dollar nearly all markets made up at least some of the ground lost on Monday as the dollar slid. The biggest rise was in coffee, with the March position gaining £68 to £1,615.50 a tonne. Apart from sterling that rise was influenced by the rmness of New York prices. In contrast the cocoa market's currency gains were trimmed back in sympathy with a weak New York market and the May position ended only £6 up on the day at £1,420.50 a tonne after reaching £1,431 at one stage. Hedging against producer, shipper and resale sales also weighed on the market, dealers said. On the London Metal Exchange modest recoveries from Monday's heavy falls were registered for all base metals except aluminium, which ended down another £1.50 in the cash position.

LME prices supplied by *Amalgamated Metal Trading.*

### ALUMINIUM

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 76.0-1 | —1.5 | 764/664 |
| 3 months | 744-4.5 | —39.5 | 784/772 |

Official closing (am): Cash 763-4 5) 758.5-9), three months 777.5-8 (771-1.5), settlement 764 (759). Final Kerb close: 771-772. Turnover: 23,975 tonnes.

### COPPER

| Grade A | Unoffic'l close | + or — | High/Low |
|---|---|---|---|
| Cash | 872.5-3 | +2.5 | 875/874 |
| 3 months | 894.5-5 | +2.5 | 904.5/894 |

Official closing (am): Cash 874.5-5 (872.5-3), three months 896.5-7 (893.5-4), settlement 875 (873). Final Kerb close: 895-895.5.

| Standard | | | |
|---|---|---|---|
| Cash | 843-5-6 | +3.25 | 846 |
| 3 months | 871-1.5 | +3.75 | — |

Official closing (am): Cash 856-8 (840-3), three months 873-4 (868-70), settlement 846 (843). US Producer prices 64.5-68 cents per pound. Total Turnover: 38,750 tonnes.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 292-3 | +3.75 | 292/291 |
| 3 months | 293-4 | +2.75 | 294/281.5 |

Official closing (am): Cash 292-2.5 (287-8), three months 293.5-4 (287-8), settlement 292.5 (288). Final Kerb close: 293-294. Turnover: 10,550 tonnes. US Spot: 24-29 cents a pound.

### NICKEL

| | Unofficial close (p.m.) | + or — | High/Low |
|---|---|---|---|
| Cash | 2310-5 | +29.5 | 2318/2314 |
| 3 months | 2370-80 | +38.5 | 2385/2360 |

Official closing (am): Cash 2,314-5 (2,280-2), three months 2,360-2 (2,335-7), settlement 2,315 (2,282). Final Kerb close: 2,375-2,377. Turnover: 480 tonnes.

### ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 494.5-5.5 | +7 | — |
| 3 months | 489-90 | +6 | 490/486 |

Official closing (am): Cash 495-6 (485-6), three months 489-8.5 (482-3). settlement 496 (486). Final Kerb close: 492-492.5. Turnover: 8,750 tonnes. US Prime Western: 41-44.75 cents a pound.

### TIN

KUALA LUMPUR TIN MARKET—Close: 17.30 (17.20) ringgit per kg. Up 0.10.

### GOLD

Gold fell $7 an ounce from Monday's close in the London bullion market yesterday to finish at $414¼-415¼. The metal opened at $418¾-419¼ and briefly touched a high of $419-419½ before slipping to a low of $413¾-413¾. The weaker trend reflected a sharp recovery in the value of the dollar which encouraged holders of long positions in gold to sell.

| GOLD BULLION (fine ounce) Jan. 19 | | |
|---|---|---|
| Close | $414¼-415¼ | (£272¾-273¼) |
| Opening | $418¾-419¼ | (£274¼-274¾) |
| M'n'g fix | $417.40 | (£274.425) |
| Aft'n'n fix | $415.75 | (£218.593) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $427-432 | (£281¼-284½) |
| Mapleleaf | $425-429½ | (£279½-282½) |
| Kr'g'r'nd | $418-420 | (£275¼-276½) |
| ½ Krug | $210-211 | (£138¼-139) |
| ¼ Krug | $105-106 | (£69¼-69¾) |
| Angel | $426-428 | (£279¾-281¼) |
| 1/10 Angel | $42¼-47¼ | (£27¾-31¼) |
| New Sov | $98-99 | (£64½-65¼) |
| Old Sov | $99½-101 | (£65½-66½) |
| $20 Eagle | $430-470 | (£283¼-309½) |
| Noble Plat | $564-562 | (£364¾-370) |

### SILVER

Silver was fixed 0.95p an ounce higher for spot delivery in the London bullion market yesterday at 368.4p. US cent equivalents of the fixing levels were: spot 559.8c, down 5.2c; three-month 567.85c, down 5.4c; six-month 576c, down 5.8c; and 12-month 592.45c, down 6.05c. The metal opened at 367¼-369p (560¼-562¼c) and closed at 363½-365p (553-555c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 368.40p | +0.95 | 362.5p | —5 |
| 3 months | 378.00p | +1.90 | 372.5p | —5 |
| 6 months | 387.50p | +1.95 | — | — |
| 12 months | 406.50p | +0.95 | — | — |

LME—Turnover: 12 (15) lots of 10,000 ounces.

Cash high/low 368p; three months high/low 373-5p.

### SOYABEAN MEAL

Despite weaker sterling prices still failed to rally and good commercial selling depressed prices throughout the day. Further option hedge buying was again the only support, reports Muirpace.

| | Y'sterd'ys close | + or — | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 128.8-128.8 | +0.25 | — |
| April | 127.5-128.8 | — | — |
| June | 119.0-119.5 | —0.50 | 120.0-119.5 |
| August | 117.8-117.5 | +0.15 | 117.5 |
| October | 118.5-118.5 | — | — |
| Dec | 122.8-123.8 | +0.50 | — |
| Feb | 125.0-125.8 | +0.75 | — |

Sales: 635 (168) lots of 20 tonnes.

### INDICES

**REUTERS**

| Jan.19 | Jan.16 | M'th ago | Year ago |
|---|---|---|---|
| 1580.6 | 1588.2 | 1643.0 | 1845.3 |

(Base: September 18 1931=100)

**DOW JONES**

| Dow Jones | Jan. 19 | Jan. 16 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 116.09 | 115.67 | — | 133.35 |
| Fut | 116.34 | 115.75 | — | 133.87 |

(Base: December 31 1931=100)

### MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| | Jan. 20 1987 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $1255/265 | —5 | $1195/215 |
| Copper | | | |
| Cash Grade A | £872.75 | +2.5 | £916.5 |
| 3 mths | £894.75 | +2.5 | £939.75 |
| Gold Troy oz | $415 | —7 | $389.25 |
| Lead Cash | £292.5 | +3.75 | £351.5 |
| 3 mths | £293.5 | +2.75 | £321.5 |
| Nickel | | | |
| Free Mkt | 158/179c | | 160/186c |
| Palladium oz | $125.00 | —2.25 | $118.15 |
| Platinum oz | $538.50 | —11.5 | $475.25 |
| Quicksilver† | $150/160 | | $159/169 |
| Silver troy oz | 368.40p | +0.95 | 372.30p |
| 3 mths | 378.00p | +1.90 | 381.55p |
| Tin | | | |
| free Mkt | £4630/560 | +20 | £4610/556 |
| Tungsten | $43.18 | +1.74 | $48.10 |
| Wolfram 22.0lb | $35/45 | | $32/42 |
| Zinc | £495 | +7 | £560.5 |
| 3 mths | £489.5 | +6 | £558.5 |
| producers | $820 | | $870 |
| Coconut (Phil) | $445y | +25 | $417.5 |
| Palm Malayan | $350w | +20 | $305 |
| Copra (Phil) | $290 | +10 | $260 |
| Soyabean (U.S.) | $145 | +2 | $147 |
| **GRAINS** | | | |
| Barley Fut. Mar. | £112.60 | +0.25 | £113.10 |
| Maize | £143.00 | | £140.50 |
| Wheat Fut. Mar. | £113.40 | +0.15 | £112.50 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. May | £1420.5 | +5.5 | £1436.5 |
| Coffee Ft. Mar. | £1615.5 | +6.8 | £1742.5 |
| Cotton A Ind.* | 66.90c | +1 | 62.00c |
| Gas Oil Mar. | $159.75 | —1.25 | $144.25 |
| Rubber (kilo) | 65.25p | —0.25 | 65p |
| Sugar (raw) | $161.5y | —2 | $144.5 |
| Wooltops 64s | 421p kilo | | 428p kilo |

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. w Feb. y Feb-March.

### COFFEE

Against a stronger overnight dollar the market opened quietly steady and after a morning of consolidation good commission house and trade buying pushed levels as much as £71 above the previous close, reports Drexel Burnham Lambert. Technical short-covering on the close kept levels firm to close on the highs of the day.

| COFFEE | Yesterday close | + or — | Business Done |
|---|---|---|---|
| Jan | 1600-1595 | +70.0 | 1600-1540 |
| Mar | 1615-1616 | +68.0 | 1615-1560 |
| May | 1630-1632 | +62.0 | 1630-1585 |
| July | 1655-1656 | +59.5 | 1658-1615 |
| Sept | 1685-1688 | +50.0 | 1682-1649 |
| Nov | 1710-1718 | +45.0 | 1710-1694 |
| Jan | 1735-1755 | +70.0 | 1735 |

Sales: 4,397 (3,109) lots of 5 tonnes.

ICO indicator prices (US cents per pound for January 19: Comp. daily 1979 115.72 (114.70): 15-day average 119.62 (120.34).

### COCOA

After falling to open at the higher levels due, futures weakened further as trade selling offset currency considerations. Commission house buying reversed the trend before profit—taking pared gains by the end of an active trading day. Light origin selling was well absorbed, reports Gill and Duffus.

| COCOA | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 1390-1391 | +5.0 | 1403-1385 |
| May | 1420-1421 | +5.5 | 1431-1413 |
| July | 1448-1449 | +7.0 | 1458-1442 |
| Sept | 1472-1474 | +6.0 | 1480-1468 |
| Dec | 1501-1502 | +6.5 | 1510-1497 |
| March | 1526-1528 | +1.0 | 1531-1525 |
| May | 1544-1550 | +4.0 | 1551-1545 |

Sales: 4,926 (3,003) lots of 10 tonnes.

ICCO indicator prices. Daily price for January 19: 93.07 (90.74); five-day average for January 20: 90.79 (90.00) US cents a pound. Daily price unavailable (1,596.86); 10-day average unavailable (1,599.63) SDRs per tonne.

### POTATOES

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 115.00 | 110.00 | — |
| Apr | 157.00 | 156.50 | 157.80-154.10 |
| May | 177.70 | 176.30 | 177.90-174.50 |
| Nov | 89.00 | 88.50 | 89.00 |
| Feb | 97.50 | 97.50 | — |

Sales: 1,117 (790) lots of 40 tonnes.

### SUGAR

| No. 6 Contract | Y'sterd'ys close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Mar | 151.8-151.4 | 150.6-150.8 | 151.8-149.4 |
| May | 155.8-156.0 | 155.8-155.2 | 156.8-154.4 |
| Aug | 158.8-160.4 | 158.8-158.2 | 160.8-158.4 |
| Oct | 163.6-163.8 | 163.4-163.0 | 164.2-163.8 |
| Dec | 168.0-169.5 | 168.8-170.8 | 168.0 |
| Mar | 176.8-177.8 | 175.0-176.8 | — |
| May | 178.8-181.8 | 179.0-181.8 | — |

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for January 19: Daily price 6.31 (6.40); 15-day average 5.82 (5.77).

Sales: 2,106 (1,663) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £209.50 (£210.00) a tonne for export.

LONDON DAILY PRICE—Raw sugar $161.50 (£106.00), down $2.00 (down 50p) a tonne for February-March delivery. White sugar $189.50, down $1.00.

PARIS—(FFr per tonne): March 1158-1160, May 1185-1190, Aug 1225-1235, Oct 1257-1265, Dec 1290-1305, March 1335-1350.

### GRAINS

Old crops advanced in spot positions on both wheat and barley, reflecting a lack of sellers combined with erratic short cover trade. Deferred positions attracted shipper buying against general trade selling, reports T. G. Roddick.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yestrdy's close | + or — | Yest'rdy's close | + or — |
| Jan | 111.55 | +0.45 | 111.50 | +0.79 |
| Mar | 113.40 | +0.25 | 112.60 | +0.25 |
| May | 115.90 | +0.25 | 115.85 | +0.25 |
| July | 117.85 | +0.15 | — | — |
| Sep | 100.75 | +0.05 | 100.35 | +0.1 |
| Nov | 102.95 | +0.10 | 103.25 | +0.15 |
| Jan | 105.85 | +0.05 | 106.00 | — |

Business done—Wheat: Jan 111.50-1.15, March 113.45-3.25, May 115.90-5.65, July untraded, Sept 100.80, Nov 102.95, Jan 105.90-5.80. Sales: 163 lots of 100 tonnes. Barley: Jan 112.05-1.80, March 112.50-2.35, May, Sept, Nov and Jan untraded. Sales: 31 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Feb 103.50, Mar 104.00, April/May 101.25. US no 2 soft red winter Feb 105.00. French 11½-12 per cent Jan 141.00. English, Mar 116.25 seller Scottish, Mar 118.00/118.25 paid east coast. Jan 116.00/116.50. Feb 117.00/117.50, Mar 118.25 sellers, April/June 119.00/120.00 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast Jan 143.00. Barley: English feed fob Jan 115.00 seller, Feb 114.50/115.50 buyer/seller Scottish. 116.50 sellers English, Mar 116.25 seller Scottish, 117.50 seller English.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 113.00, W. Mids 110.00, N. West 110.60. The UK monetary coefficient for the week beginning Monday January 26 (based on HGCA calculations using five days' exchange rates) is expected to change to 1.313.

## US MARKETS

DOLLAR STRENGTH and weakening oil prices led gold futures to plummet on a combination of good commission house and local prot-taking and long liquidation touching off heavy stops around $412.50, basis February, in the face of scale-down trade buying. Commission house selling in silver futures also featured as the market reflected dollar strength whilst fund selling also hit commission house stops in copper futures before mixed trade, local and commission house buying emerged at the lows. Despite the weakness in oil prices, crude oil futures, although opening lower on follow-through selling from Monday's declines, found good support from the trade prompting commission house and local short-covering. Strength was noted in the back months, suggesting continued long-term strength in the market. In cocoa futures computer buying steadied prices in the face of good origin selling, whilst both coffee and sugar futures were generally dull. The grains markets featured good commercial buying, especially in maize, wheat and soiabeans, prompting speculative buying before long liquidation set in. A weakness in soyameal premiums stifled any advance in meal futures. The meat markets were generally quiet, though steady, reflecting a slight reaction to Monday's decline.

### NEW YORK

| ALUMINIUM 40,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 51.80 | — | — | 52.30 |
| Feb | 51.95 | — | — | 52.46 |
| March | 52.10 | 52.25 | 51.85 | 52.60 |
| May | 52.25 | 52.55 | 52.00 | 52.75 |
| July | 52.25 | 52.50 | 52.20 | 52.75 |
| Sept | 52.30 | — | — | 52.80 |
| Dec | 50.65 | — | — | 50.05 |
| Jan | 52.75 | — | — | 53.25 |
| March | 52.90 | — | — | 53.40 |
| May | 53.00 | — | — | 53.50 |

| COCOA 10 tonnes, $/tonne | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 1939 | 1962 | 1936 | 1957 |
| May | 1968 | 1991 | 1966 | 1988 |
| July | 1990 | 2011 | 1990 | 2012 |
| Sept | 2013 | 2028 | 2025 | 2029 |
| Dec | 2040 | 2052 | 2043 | 2060 |
| March | 2063 | | | 2083 |

| COFFEE "C" 37,500 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 124.22 | 127.00 | 124.00 | 123.25 |
| May | 126.61 | 129.40 | 126.50 | 125.88 |
| July | 129.70 | 131.75 | 129.50 | 129.00 |
| Sept | 132.00 | 134.00 | 131.80 | 130.50 |
| Dec | 135.05 | 136.50 | 134.00 | 132.50 |
| March | 136.44 | 134.90 | 134.90 | 132.8e |
| May | 136.94 | — | — | 133.38 |

| COTTON 50,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 61.28 | 61.30 | 60.20 | 60.67 |
| May | 59.75 | 59.99 | 59.10 | 59.70 |
| July | 58.50 | 59.15 | 58.35 | 58.77 |
| Oct | 57.90 | 58.35 | 57.95 | 58.10 |
| Dec | 56.95 | 57.45 | 56.90 | 57.07 |
| March | 57.00 | 58.20 | 57.50 | 57.23 |
| May | 57.10 | 57.70 | 57.70 | 57.40 |

| COPPER 25,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 59.70 | 59.90 | 59.70 | 60.25 |
| Feb | 59.80 | — | — | 60.35 |
| March | 60.20 | 60.45 | 60.05 | 60.75 |
| May | 60.70 | 61.00 | 60.60 | 61.25 |
| July | 61.20 | 61.45 | 61.05 | 61.70 |
| Sept | 61.60 | 61.90 | 61.50 | 62.10 |
| Dec | 60.45 | 60.45 | 60.30 | 60.15 |
| Jan | 62.50 | — | — | 62.95 |
| March | 62.95 | 63.20 | 62.90 | 63.40 |
| May | 63.25 | 63.50 | 63.50 | 63.70 |

| CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels | Latest | High | Low | Prev |
|---|---|---|---|---|
| Feb | 18.73 | 18.74 | 18.45 | 18.70 |
| March | 18.57 | 18.88 | 18.43 | 18.58 |
| April | 18.65 | 18.65 | 18.28 | 18.39 |
| May | 18.39 | 18.40 | 18.10 | 18.15 |
| June | 18.12 | 18.14 | 17.90 | 17.93 |
| July | 18.00 | 18.00 | 17.75 | 17.79 |
| Aug | 17.90 | 17.90 | 17.70 | 17.69 |
| Sept | 17.80 | 17.80 | 17.72 | 17.61 |
| Oct | 17.80 | 17.85 | 17.64 | 17.56 |

| GOLD 100 troy oz, $/troy oz | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 407.4 | 419.0 | 414.0 | 422.4 |
| Feb | 408.2 | 419.2 | 405.0 | 423.3 |
| March | 409.8 | 418.0 | 412.0 | 425.0 |
| April | 412.0 | 423.5 | 508.5 | 427.3 |
| June | 415.5 | 427.0 | 412.0 | 431.0 |
| Aug | 419.0 | 429.0 | 415.0 | 434.5 |
| Oct | 422.5 | 432.5 | 417.0 | 438.2 |
| Dec | 426.1 | 439.0 | 423.0 | 441.9 |
| Feb | 429.8 | 440.0 | 430.0 | 445.7 |
| June | 437.3 | 462.0 | 437.0 | 453.4 |

| HEATING OIL 42,000 US gallons | Latest | High | Low | Prev |
|---|---|---|---|---|
| Feb | 53.75 | 53.85 | 52.10 | 53.15 |
| March | 53.30 | 53.40 | 51.40 | 52.32 |
| April | 50.95 | 51.15 | 49.50 | 50.95 |
| May | 49.35 | 49.50 | 47.80 | 49.20 |
| June | 47.90 | 48.50 | 47.20 | 47.20 |
| July | 47.90 | 48.50 | 47.70 | 47.15 |
| Aug | 48.50 | 49.00 | 48.50 | 47.55 |
| Sept | 49.40 | 49.40 | 49.40 | 48.55 |

| ORANGE JUICE 15,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 125.25 | 126.50 | 124.40 | 123.05 |
| May | 126.15 | 126.25 | 125.40 | 124.05 |
| July | 128.25 | 128.00 | 125.50 | 124.30 |
| Sept | 126.95 | 126.25 | 126.00 | 125.40 |
| Jan | 122.30 | 124.00 | 123.00 | 122.25 |

| PLATINUM 50 troy oz, $/troy oz | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 519.5 | 530.0 | 517.0 | 544.7 |
| March | 52.5 | 543.0 | 529.5 | 534.9 |
| April | 423.0 | 543.0 | 523.0 | 548.0 |
| July | 525.8 | 545.0 | 525.8 | 550.8 |
| Jan | 533.3 | 541.5 | 533.3 | 558.3 |
| April | 538.3 | — | — | 563.3 |

| SILVER 5,000 troy oz, cents/troy oz | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 547.6 | 568.0 | 549.0 | 567.2 |
| Feb | 548.8 | — | — | 568.4 |
| March | 551.6 | 566.0 | 549.0 | 571.2 |
| May | 557.2 | 572.0 | 554.5 | 577.1 |
| July | 562.7 | 578.0 | 561.5 | 582.8 |
| Sept. | 568.5 | 581.0 | 568.0 | 588.8 |
| Dec | 529.0 | — | 528.0 | 530.0 |
| Jan | 580.3 | — | — | 601.0 |
| March | 586.1 | 603.0 | 589.0 | 607.0 |
| May | 592.2 | — | — | 613.3 |

| SUGAR WORLD "11" 112,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 6.78 | 6.77 | 6.63 | 6.71 |
| May | 6.95 | 6.96 | 6.86 | 6.91 |
| July | 7.08 | 7.12 | 7.04 | 7.07 |
| Sept | 7.18 | 7.25 | 7.26 | 7.14 |
| Oct | 7.31 | 7.33 | 7.27 | 7.29 |
| Jan | 5.41 | 5.30 | 5.30 | 5.35 |

### CHICAGO

| LIVE CATTLE 40,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 58.42 | 58.47 | 58.02 | 58.22 |
| April | 58.67 | 58.75 | 58.15 | 58.32 |
| April | 58.67 | 58.75 | 58.15 | 58.32 |
| June | 57.62 | 57.65 | 57.15 | 57.25 |
| Aug | 56.47 | 56.50 | 56.05 | 56.20 |
| Oct | 55.06 | 55.25 | 54.87 | 54.82 |
| Feb | 55.60 | 55.60 | — | 55.10 |

| LIVE HOGS 30,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 47.30 | 47.37 | 46.80 | 46.95 |
| April | 43.10 | 43.20 | 42.77 | 42.90 |
| June | 45.15 | 45.30 | 44.90 | 45.17 |
| July | 45.40 | 45.80 | 45.25 | 45.50 |
| Aug | 43.57 | 43.70 | 43.20 | 43.15 |
| Oct | 40.30 | 40.80 | 40.20 | 40.30 |
| April | 38.47 | 38.60 | 38.20 | 38.47 |

| MAIZE 5,000 bu min, cents/56 lb-bushel | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 159.6 | 162.6 | 159.2 | 161.0 |
| May | 165.2 | 168.2 | 164.4 | 166.4 |
| July | 169.0 | 171.6 | 169.4 | 170.2 |
| Sept | 171.4 | 173.4 | 171.0 | 171.6 |
| Dec | 174.2 | 176.4 | 173.4 | 174.6 |
| March | 182.0 | 183.6 | 181.2 | 182.4 |
| May | 184.2 | 186.2 | 183.6 | 185.0 |

| PORK BELLIES 38,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 62.75 | 63.10 | 62.40 | 62.35 |
| March | 61.97 | 62.42 | 61.50 | 61.65 |
| May | 62.45 | 62.72 | 62.00 | 62.05 |
| July | 61.35 | 61.30 | 61.00 | 60.95 |
| Aug | 59.55 | 59.70 | 59.00 | 59.10 |

| SOYABEANS 5,000 bu min, cents/60-lb bushel | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 495.4 | 499.2 | 495.2 | 499.0 |
| March | 496.0 | 499.4 | 494.6 | 499.2 |
| May | 496.6 | 500.6 | 496.4 | 500.6 |
| July | 498.0 | 502.4 | 497.5 | 502.0 |
| August | 497.2 | 501.0 | 497.2 | 500.4 |
| Sept | 487.4 | 491.0 | 487.4 | 489.0 |
| Nov | 486.2 | 489.5 | 486.0 | 487.6 |
| Jan | 493.0 | 496.0 | 493.0 | 494.2 |
| March | 500.4 | 503.0 | 500.4 | 501.2 |

| SOYABEAN MEAL 100 tons, $/ton | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 145.5 | 149.2 | 145.5 | 149.3 |
| March | 143.1 | 144.8 | 142.7 | 144.8 |
| May | 142.2 | 143.1 | 142.1 | 143.4 |
| July | 142.2 | 143.1 | 142.1 | 143.5 |
| August | 142.4 | 143.1 | 142.1 | 143.3 |
| Sept | 142.2 | 143.0 | 142.1 | 142.8 |
| Oct | 142.1 | 142.5 | 142.0 | 142.6 |
| Dec | 143.2 | 144.0 | 143.0 | 143.2 |
| Jan | 144.1 | 144.0 | 144.2 | 144.5 |

| SOYABEAN OIL 60,000 lb, cents/lb | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 16.02 | 16.20 | 15.95 | 16.07 |
| March | 16.21 | 16.40 | 16.18 | 16.28 |
| May | 16.51 | 16.68 | 16.48 | 16.58 |
| July | 16.72 | 16.88 | 16.58 | 16.79 |
| August | 16.67 | 16.82 | 16.65 | 16.72 |
| Sept | 16.61 | 16.75 | 16.60 | 16.60 |
| Oct | 16.50 | 16.63 | 16.45 | 16.55 |
| Dec | 16.51 | 16.75 | 16.51 | 16.60 |
| Jan | 16.52 | 16.80 | 16.52 | 16.65 |

| WHEAT 5,000 bu min, cents/60-lb bushel | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 284.0 | 286.0 | 282.4 | 282.6 |
| May | 267.0 | 268.6 | 265.4 | 266.2 |
| July | 249.2 | 250.4 | 248.2 | 249.4 |
| Sept | 249.0 | 251.0 | 248.4 | 249.2 |
| Dec | 253.4 | 255.2 | 253.4 | 254.2 |
| March | 284.0 | 286.0 | 282.4 | 282.6 |

SPOT PRICES—Chicago loose lard 15.50 (same) cents per pound. Handy and Harman silver bullion 554.0 (555.0) cents per troy ounce.

### FREIGHT FUTURES

| | Close | High/Low | Prev. |
|---|---|---|---|
| Dry Cargo | | | |
| Jan. | 855/859 | 860/845 | 848/852 |
| April | 798/800 | 809/795 | 815 |
| July | 665 | 670/660 | 668/670 |
| Oct. | 794/788 | 800/786 | 798/805 |
| Jan. | 830 | — | 840 |
| Apr. | 800 | — | 830 |
| July | 715 | — | 710/720 |
| Oct. | 760 | 800 | 760 |
| BFI. | 857.5 | — | 852.5 |

General profit-taking during the morning weakened prices before rumours of a Gulf/Japan fixing at $15.00 led to a recovery towards the close, reports Clarkson Wolff.

Turnover: 366 (246).

### RUBBER

PHYSICALS—The London market opened about unchanged, met persistent selling throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): spot 65.25p (65.50p); Feb 63.25p (63.50p); March 63.50p (63.75p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 229 (same) and SMR 20 209 (same).

FUTURES—Index 663. Feb 670-680, March 675-685, April-June 680-690, July-Sept 695-701. Sales: Nil.

### MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.07p per kg lw (—1.10). GB—Sheep 190.35p per kg est dcw (+1.33). GB—Pigs 73.41p per kg lw (—1.76).

FUTURES—Pigs: Feb 94.50, sales 20. Live cattle: Feb 98.50, June 100.00, sales 12.

### TEA

33,743 packages were on offer at the London tea auction, including 4,800 packages in the offshore section, reports the Tea Brokers' Association. Selected brighter Assams sold at firm rates but mediums were generally 3-5p lower with plainer sorts difficult of sale. Bangladesh teas lost 5-8p and plain lines, were often neglected. Bright liquoring East Africans met good competition at first to dearer rates while mediums sold readily, though the majority were 2-3p down by the close. Central Africans came to an easier market and lost 3-5p. Ceylons met limited enquiry and closed 5-8p lower with plainer descriptions a weak feature. Offshore teas met fair demand, though often at lower rates. Quotations: quality 175p a kg nominal. (175p): medium 143p a kg. (145p); low medium 105p a kg. (108p).

### OIL

Crude trading was almost entirely confined to March Brent which opened and closed around $18.20 but weakened in the interim to reach a low of $18 in the early afternoon. On its last day of trading February WTI opened 25c down on Nymex and traded 7c down at 1.30 pm EST. In the petroleum products market gas oil fell sharply on subdued end-user buying interest. Naphtha fell in sympathy with gas oil and with futures markets. Fuel oil weakened in the morning but stabilised after the New York futures market opened—Petroleum Argus, London.

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—Feb. | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 17.00-17.10 | —0.225 |
| Brent Blend | 18.50-18.60 | —0.10 |
| W.T.I. (1pm est) | 18.60-18.70 | —0.25 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 183-187 | — |
| Gas Oil | 157-170 | —6 |
| Heavy fuel oil | 116-118 | —3 |
| Naphtha | 161-165 | —4 |

### GAS OIL FUTURES

| Month | Yestrdy's close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Feb | 160.50 | —1.75 | 168.00-61.00 |
| Mar | 159.75 | —1.25 | 159.50-58.00 |
| Apr | 155.50 | —0.25 | 155.50-49.25 |
| May | 147.75 | +0.25 | 147.75-44.50 |
| June | 145.50 | —3.50 | 144.50-42.50 |

Turnover: 4,480 (2,304) lots of 100 tonnes.

### HEAVY FUEL OIL

| Month | Yesterday close | + or — | Business Done |
|---|---|---|---|
| | US $ per tonne | | |
| Feb | 109.00 | —1.25 | 109.00-104.25 |
| Mar | 102.00 | —8.00 | 102.00-97.25 |
| Apr | 93.00 | —8.40 | — |

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar sharply higher

THE DOLLAR reversed its recent trend in currency markets yesterday and rose quite sharply on news that Japanese and US officials would be meeting today to discuss the recent fall by the US dollar. Mr Kiichi Miyazawa, Japan's Finance Minister, is scheduled to meet Mr James Baker, US Treasury Secretary, in Washington and this gave rise to speculation that some form of currency accord would be reached to prevent a further decline in the value of the dollar, in exchange for a cut in the Japanese discount rate.

However, much of the dollar's appreciation was achieved overnight in Far Eastern markets and an admission by Mr Miyazawa that the outcome of today's meeting was uncertain, while probably an honest assessment without the benefit of hindsight, served to undermine confidence, so that in Europe the dollar showed very little change from the levels achieved in the first hour of trading.

The dollar touched a high of DM 1.8440 against the D-Mark before finishing at DM 1.8380 compared with DM 1.8120 on Monday. Against the yen it rose to Y152.60 from Y151.30 and SFr 1.5410 compared with SFr 1.5180. It was also higher against the French franc at FFr 6.14 from FFr 6.06. On Bank of England figures, the dollar's exchange rate index rose from 103.7 to 104.7.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. December average 1.4387. Exchange rate index 69.0 unchanged from the opening and Monday's close. The six months ago figure was 73.2.

Sterling remained on the sidelines for much of the day as attention focused on the dollar. UK money supply figures were much as expected and a slightly better sentiment allowed sterling to improve against European currencies. It closed at DM 2.7925 up from DM 2.7800 and FFr 9.3325 from FFr 9.2950. It was higher against the Swiss franc at SFr2.3425 from SFr2.3275 but unchanged against the yen at Y232.0. Against the dollar it fell to $1.52 from $1.5340.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.8120. December average 1.9890. Exchange rate index 147.9 against 136.8 six months ago.

The D-Mark lost ground against the dollar in Frankfurt yesterday as dealers hurried to cover short positions following a report that Japanese and US officials would meet today in the US to discuss currency values. The dollar was fixed at DM 1.8356 u from DM 1.8115 and there was no intervention by the Bundesbank. Traders remained unsure about how successful such a meeting would be but the dollar also derived strength from speculation that the Bundesbank would be forced into cutting its discount rate, even if it had to wait until after Sunday's general election.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. December average 162.19. Exchange rate index 211.4 against 216.5 six months ago.

The yen lost ground against the dollar in Tokyo but recovered to finish above its worst level. Its initial decline came after it became known that Japan's Finance Minister, Mr Kiichi Miyazawa, would be meeting US Treasury Secretary, Mr James Baker, in Washington. Initially this gave rise to speculation that a further agreement would be reached in an effort to stabilise the dollar/yen rate. However later in the day traders became a little more sceptical about the chances of success and the dollar fell back from the day's high. It closed at Y152.25 up from Y150.45 on Monday but down from a high of Y152.90. Intervention by the Bank of Japan totalled around $750m.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu January 20 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 42.8415 | +0.90 | +0.90 | ±1.5344 |
| Danish Krone | 7.85212 | 7.82050 | −0.40 | −0.40 | ±1.6404 |
| German D-Mark | 2.05853 | 2.06099 | +0.12 | +0.12 | ±1.0981 |
| French Franc | 6.90403 | 6.88798 | −0.23 | −0.23 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.32329 | +0.17 | +0.17 | ±1.5012 |
| Irish Punt | 0.768411 | 0.774836 | +0.84 | +0.84 | ±1.6684 |
| Italian Lira | 1483.58 | 1466.91 | −1.12 | −1.12 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| Jan 20 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.5210-1.5215 | 1.5298-1.5308 |
| 1 month | 0.56-0.53 pm | 0.63-0.62 pm |
| 3 months | 1.79-1.74 pm | 1.79-1.76 pm |
| 12 months | 6.35-6.25 pm | 6.22-6.15 pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

### POUND SPOT—FORWARD AGAINST THE POUND

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

### CURRENCY RATES

### CURRENCY MOVEMENTS

### EURO-CURRENCY INTEREST RATES

### OTHER CURRENCIES

| | £ | $ |
|---|---|---|
| Malaysia | 3.8750-3.8810 | 2.5540-2.5560 |
| N. Zealand | 2.8230-2.8305 | 1.8545-1.8575 |
| Saudi Ar. | 5.7140-5.7190 | 3.7495-3.7500 |
| Singapore | 3.2450-3.2510 | 2.1330-2.1350 |
| S. Af. (Cm) | 3.1355-3.1570 | 2.0620-2.0660 |
| S. Af. (Fn) | 6.4870-6.7750 | 4.2555-4.4445 |
| Taiwan | 53.55-53.80 | 35.10-35.20 |
| U.A.E. | 5.5970-5.6020 | 3.6725-3.6735 |

* Selling rate.

### EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

## FINANCIAL FUTURES

# Gilts and bonds firm

LONG TERM gilt futures and US Treasury bonds gained ground on the London International Financial Futures Exchange yesterday. March delivery long gilts opened weaker at 114-31, reflecting disappointment at the fall of sterling against the dollar. There was no follow through however and the contract soon recovered from a low of 114-27. Reaction to the UK money supply and bank lending figures was muted. Growth of about £2.6bn in December bank lending, and a rise of 1¼-1½ per cent in narrowly based M0 money supply was in line with expectation.

Although the estimate of flat to a rise of ¼ per cent in the wider based M3 was less than generally forecast, this had little impact.

Dealers said the market was reluctant to be short at present, because of today's West German Bundesbank council meeting, amid speculation about a possible cut in interest rates. The recovery of the contract after last week's bearish tone also encouraged buying, taking March gilts up to a peak of 115-18, and to a close of 115-15, compared with 115-01 on Monday. Volume remained high at 26,147.

Three-month sterling deposit futures showed a similar trend, closing just under the day's peak, at 89.36 for March delivery, compared with 89.34 previously.

US Treasury bond futures opened firm at 101-08, as a continuation of the overnight trend in Chicago. There was some selling on disappointment the Bank of Japan did not cut its discount rate, but hopes of a German rate cut at today's Bundesbank meeting and the visit of the Japanese Finance Minister to Washington for currency talks, lifted the contract to a high of 101-16, before it closed at 101-09, against 100-16 on Monday.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Mar. | Calls—Last June | Puts—Last Mar. | Puts—Last June |
|---|---|---|---|---|
| 106 | 9.30 | 9.59 | 0.00 | 0.15 |
| 108 | 7.31 | 8.09 | 0.01 | 0.29 |
| 110 | 5.36 | 6.32 | 0.06 | 0.52 |
| 112 | 3.50 | 5.01 | 0.20 | 1.21 |
| 114 | 2.18 | 3.48 | 0.52 | 2.04 |
| 116 | 1.12 | 2.44 | 1.46 | 3.00 |
| 118 | 0.38 | 1.55 | 3.03 | 4.11 |
| 120 | 0.12 | 1.15 | 4.46 | 5.35 |

Estimated volume total, Calls 1,312 Puts 435
Previous day's open int, Calls 14,678 Puts 9,036

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Mar. | Calls—Last June | Puts—Last Mar. | Puts—Last June |
|---|---|---|---|---|
| 90 | 11.18 | 10.37 | 0.00 | 0.07 |
| 92 | 9.18 | 8.46 | 0.00 | 0.16 |
| 94 | 7.19 | 6.62 | 0.01 | 0.32 |
| 96 | 5.22 | 5.24 | 0.04 | 0.58 |
| 98 | 3.34 | 3.63 | 0.16 | 1.33 |
| 100 | 2.01 | 2.53 | 0.47 | 2.23 |
| 102 | 0.62 | 1.59 | 1.44 | 3.29 |
| 104 | 0.24 | 1.15 | 3.06 | 4.49 |

Estimated volume total, Calls 160 Puts 81
Previous day's open int, Calls 1,052 Puts 434

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls—Last Jan | Calls—Last Feb | Puts—Last Jan | Puts—Last Feb |
|---|---|---|---|---|
| 16750 | 11.85 | 11.96 | 0.00 | 0.11 |
| 17000 | 9.35 | 9.62 | 0.00 | 0.27 |
| 17250 | 6.85 | 7.43 | 0.00 | 0.58 |
| 17500 | 4.39 | 5.47 | 0.04 | 1.12 |
| 17750 | 2.19 | 3.81 | 0.34 | 1.96 |
| 18000 | 0.72 | 2.50 | 1.37 | 3.15 |
| 18250 | 0.14 | 1.53 | 3.29 | 4.68 |
| 18500 | 0.01 | 0.87 | 5.66 | 6.52 |

Estimated volume total, Calls 11, Puts 0
Previous day's open int, Calls 324 Puts 142

### LIFFE £/$ OPTIONS

### LONDON SE £/$ OPTIONS

### PHILADELPHIA SE £/$ OPTIONS

### LIFFE—EURODOLLAR OPTIONS

### LONDON

### CHICAGO

### SWISS FRANC (IMM)
SFr125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar. | 0.6506 | 0.6547 | 0.6495 | 0.6607 |
| June | 0.6541 | 0.6582 | 0.6536 | 0.6644 |
| Sept. | 0.6588 | 0.6612 | 0.6588 | 0.6682 |

### STANDARD & POORS 500 INDEX
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar. | 271.40 | 272.75 | 269.55 | 271.30 |
| June | 272.80 | 274.20 | 270.90 | 272.70 |
| Sept. | 273.90 | 275.20 | 271.70 | 273.55 |
| Dec. | 274.80 | 276.10 | 270.27 | 274.40 |

## EUROPEAN OPTIONS EXCHANGE

## BASE LENDING RATES

| | | | | | |
|---|---|---|---|---|---|
| Banque Belge Ltd | 11 | ● Guinness Mahon | 11 | Whiteaway Laidlaw | 11½ |
| Barclays Bank | 11 | HFC Trust & Savings | 11 | Yorkshire Bank | 11 |
| Benchmark Tst Ltd | 11 | ● Hambro Bank | 11 | | |
| Beneficial Trust Ltd | 12 | Heritable & Gen. Tst | 11 | | |
| Berliner Bank AG | 11 | ● Hill Samuel | §11 | | |
| Brit. Bk. of Mid. East | 11 | C. Hoare & Co | 11 | | |
| ● Brown Shipley | 11 | Hongkong & Shangh' | 11 | | |
| CL Bank Nederland | 11 | Lloyds Bank | 11 | | |
| Canada Permanent | 11 | Mase Westpac Ltd | 11 | | |
| Cayzer Ltd | 11 | Megbraj & Sons Ltd | 11 | | |
| Cedar Holdings | 12 | Midland Bank | 11 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.



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INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

## MONEY MARKETS

# No reaction to M3

INTEREST RATES in London showed little reaction to the December UK money supply and bank lending figures. The rise in sterling M3 was lower than expected, but M0 and bank lending were in line with most forecasts. In the interbank market three-month money was unchanged at 11-10⅞ per cent.

The Bank of England initially forecast a money market shortage of £750m, but revised this to £900m at noon. Total help on the day was £710m.

**UK clearing bank base lending rate 11 per cent since October 15**

Before lunch the authorities bought £106m bills outright, by way of £6m bank bills in band 1 at 10⅞ per cent; £76m bank bills in band 2 at 10¾ per cent; £1m Treasury bills, and £8m bank bills in band 3 at 10¾ per cent.

In the afternoon another £234m bills were bought outright, including £10m Treasury bills in band 1 and £224m bank bills in bands 1, 2 and 3 at unchanged rates. A further £160m bills were purchased for resale to the market on January 26, at 10⅞-11 per cent.

Late assistance of around £210m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £892m. This outweighed Exchequer transactions adding £25m to liquidity; a fall in the note circulation of £65m; and bank balances above target by £30m.

The average mid-market rate applicable to temporary facilities, rolled over yesterday, was 11⅛ per cent.

In Frankfurt money market liquidity tightened after banks used excess funds to buy three-day Treasury bills at 4 per cent from the Bundesbank. Banks also made tax payments on behalf of customers. Call money rose to 4.25 per cent from 4.05 per cent. Funds will continue to drain from the market today, when the authorities do not replace an expiring securities repurchase agreement of DM 4.9bn. The Bundesbank council meets tomorrow, and will be reluctant to ease credit policy because of excess money supply growth. The central bank's money stock was up 7.8 per cent in the fourth quarter of 1986, compared with the same period in 1985, and was more than 2 per cent above target. The council may also consider easier credit policy, involving a cut in the discount or Lombard rates, inappropriate ahead of the weekend Federal elections. On the other hand pressure is mounting for the Bundesbank to act in an attempt to stem the rise in the value of the D-Mark.

Mr Claus Koehler, a Bundesbank Board member, said the meeting will weigh currency factors alongside monetary problems.

### FT LONDON INTERBANK FIXING

### MONEY RATES

### LONDON MONEY RATES

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1986/87 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 102 | 99 | Exch. 13¼pc 1987 | 100 | –¼ | — | — |
| 100⅞ | 97 | Treas 10¼pcCv '87 | 99 | | — | — |
| 99 | 92 | Exch 2½pc 1987 | 99 xd | –¼ | 2.51 | 9.30 |
| 101⅝ | 97 | Exch. 10½pc 1987 | 99⅞ | | 10.52 | 10.93 |
| 100 | 93⅞ | Funding 6½pc 85-87 | 99 | – | 6.55 | 9.39 |
| 101¼ | 96 | Treas. 10pc 1987 | 99 | | 10.02 | 10.51 |
| 97 | 90⅞ | Treas 3pc 1987 | 97 | – | 3.07 | 8.06 |
| 104½ | 99⅞ | Treas. 12pc 1987 | 101 | | 11.87 | 10.46 |
| 99 | 92 | Treas 7¾pc 1985-88‡‡ | 97 xd | + | 7.92 | 10.05 |
| 104 | 96¼ | Exch 10½pc '88 | 100 | + | 10.50 | 10.48 |
| 102⅝ | 95⅝ | Treas 9¾pc Cv '88 | 99 | + | 9.85 | 10.49 |
| 94 | 86 | Transport 3pc '78-88 | 93 | + | 3.21 | 7.86 |
| 102 | 93 | Treas. 9½pc '88 | 98 | + | 9.66 | 10.54 |
| 107 | 98 | Treas 11½pc 1989 | 101 xd | + | 11.30 | 10.56 |
| 103 | 93 | Treas 9½pc Cnv 1989 | 98 | + | 9.69 | 10.49 |
| 92 | 82 | Treas 3pc 1989 | 89¼ | | 3.34 | 7.93 |
| 105 | 95 | Treas 10½pc 1989 | 100 | + | 10.50 | 10.47 |
| 104 | 94 | Exch 10pc 1989 | 99 xd | + | 10.11 | 10.51 |
| 107 | 97 | Exch 11pc 1989 | 101 | + | 10.89 | 10.53 |
| 93 | 84½ | Treas 5pc 1986-89 | 90 | + | 5.51 | 8.90 |
| 110 | 94 | Exch 10½pcCv '89 | 103 | + | 10.13 | 9.75 |
| 114 | 103 | Treas 13pc 1990‡‡ | 106 | + | 12.23 | 10.48 |
| 108 | 97 | Exch 11pc 1990‡‡ | 101 xd | + | 10.84 | 10.46 |
| 113 | 101 | Exch. 12¼pc 1990 | 105 | + | 11.87 | 10.48 |
| 89 | 79 | Treas. 3pc 1990 | 85 | – | 3.53 | 8.25 |
| 100 | 89 | Treas 8¼pc 1987-90‡‡ | 94 | – | 8.68 | 9.96 |
| 106 | 93 | Treas. 10pcCv 1990 | 98 | + | 10.16 | 10.51 |
| 86 | 76½ | Exch 2½pc 1990 | 81 | + | 3.05 | 8.10 |
| 112 | 99 | Treas 11¾pc 1991 | 104 | + | 11.29 | 10.47 |
| 94 | 83 | Funding 5¾pc '87-91‡‡ | 87 | – | 6.53 | 9.24 |
| 86 | 79 | Treas. 3pc 1991 | 80⅞ | + | 3.70 | 8.32 |
| 101 | 95 | Treas 10pc Cv '91 | 101 | + | 9.88 | 9.67 |
| 110 | 96 | Exch. 11pc 1991 | 102 | + | 10.77 | 10.42 |
| | | **Five to Fifteen Years** | | | | |
| 118 | 103 | Treas 12¾pc 1992‡‡ | 109 xd | + | 11.69 | 10.38 |
| 107 | 92 | Treas 10pc 1992 | 98 xd | + | 10.13 | 10.34 |
| 109 | 94 | Treas 10½pc Cv 1992‡‡ | 100 | + | 10.43 | 10.33 |

Over Fifteen Years

Undated

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HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

## INDUSTRIALS—Continued

| 1986/87 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 102 | 70 | Metsec 10p | 78 | +2 | 12.4b | 2.6 | 4.4 | 12.0 |
| 78½ | 45 | Mitchell Cotts | 64½ | –1 | 1.5 | 2.1 | 3.3 | 16.6 |
| 128 | 81 | Monks & Crane 10p | 122 | +2 | 12.7 | 2.9 | 3.1 | 14.9 |
| 323 | 210 | Morgan Crucible | 320 | ...... | 18.5 | 1.5 | 3.7 | 21.3 |
| 29½ | 15½ | Morris (W) F.A. 20p | 21½ | +½ | — | — | — | — |
| 168 | 65 | Myson Grp 10p | 168 | ...... | †2.63 | 2.6 | 2.2 | 21.7 |
| 365 | 213 | NMW Computers | 260 | –10 | †6.0 | 3.0 | 3.2 | 15.0 |
| 141 | 27 | Nash Inds. | 133 | +3 | 1.5 | ♦ | 1.6 | ♦ |
| 27½ | 12½ | Neil & Spencer 10p | 17 | ...... | — | — | — | — |
| 39 | 28 | Newman Inds 10p | 37 | ...... | †0.8 | 1.5 | 3.0 | 28.3 |
| 134 | 65 | Noble & Lund 10p | 90 | ...... | 0.7 | 4.3 | 1.1 | 29.6 |
| 65 | 39 | Nolton | 56 | +1 | 1.2 | 2.9 | 3.0 | 16.1 |
| 152 | 96 | Norank Systems 5p | 151 | –1 | m1.5 | — | 1.4 | 29.4 |
| 286 | 187 | Norcros | 273 | ...... | †9.3 | 2.3 | 4.8 | 12.5 |
| 222 | 49 | Nu-Swift 5p | 222 | ...... | †3.5 | 2.1 | 2.2 | 29.9 |
| £356½ | £228 | OCE 9pc Cnv 1987-92 | £292½ | ...... | Q9% | — | †3.1 | — |
| 118 | 80 | Oakwood Grp. | 115 | ...... | 4.0 | ♦ | 5.1 | ♦ |
| 250 | 179 | Office & Elect | 191 | +1 | 8.5 | 2.9 | 6.3 | 7.8 |
| 34 | 26 | Ormitech 1p | 32 | ...... | — | — | — | — |
| 36 | 18 | Optometrics $0.01 | 23 | ...... | — | — | — | — |
| 890 | 500 | Oriflame £1 | 805 | ...... | †28.5 | 2.1 | 5.0 | 15.6 |
| 10 | 5 | Ovenstone 12½c | 5 | ...... | q03.23d | 1.9 | 20.0 | 2.6 |
| 142 | 85 | PCT Grp 10p | 125 | ...... | 4.2 | — | 5.3 | — |
| £201½ | £139 | PLM 'B' Sk 25 | £180 | +1½ | Q23.2% | 0.3 | 3.3 | — |
| 256 | 160 | Paper Systems $0.01 | 178 | +2 | L08.0 | 4.3 | 1.6 | 15.0 |
| 78 | 44 | Pacific Sales 10p | 48 | +1 | 3.0 | 1.4 | 8.8 | 11.4 |
| 528 | 246 | Parker Knoll 'A' | 505 | ...... | 12.0 | 3.2 | 3.3 | 13.2 |
| 222 | 83 | Parkfield Group 2p | 218 | –1 | †3.6 | 4.2 | 2.4 | 13.9 |
| 53 | 17 | Pavion Intl. | 29 | +1 | — | — | — | 7.7 |
| £130 | £64½ | Do 11pc CvLn '94-02 | £92 | ...... | Q11% | — | 12.5 | — |

## LEISURE—Continued

| 1986/87 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 63½ | 32 | Leisure Inv 10p | 61½ | –½ | 0.36 | 7.4 | 0.8 |
| 112 | 55 | Leisuretime Int 10p | 77 | +1 | †2.3 | 0.9 | 4.2 |
| 123 | 91 | Lowndes | 103 | –1 | u2.63 | 3.4 | 3.6 |
| 98 | 71 | Marina Dev. 50p | 80 | –1 | †3.13 | 3.0 | 5.5 |
| 172½ | 143 | Mecca Leisure 10p | 171½ | –½ | 4.1 | ♦ | 3.4 |
| 220 | 96 | Media Tech Int 20p | 105 | +1 | 2.8 | 4.5 | 3.8 |
| 170 | 130 | Medminster 10p | 165 | ...... | 6.25 | 1.9 | 5.3 |
| 450 | 228 | Midsummer Leis. 50p | 450 | ...... | 4.0 | ♦ | 1.3 |
| 220 | 130 | Miss World 10p | 180 | ...... | †5.2 | 3.3 | 4.1 |
| 90 | 62 | Nationwide Leisure | 64 | +1 | †3.75 | 2.5 | 8.3 |
| 17 | 8 | Orlando Int 20c | 11 | –1 | — | — | — |
| 294 | 174 | Orient Ex Hlds $0.125 | 172 | +2 | — | — | — |
| 47 | 23 | Owners Abroad 5p | 47 | +1 | 1.5 | 2.3 | 4.5 |
| 90 | 46 | Photax (Lon.) | 80 | ...... | — | — | — |
| 43 | 25½ | P'dilly Radio NV 5p | 43 | ...... | 2.0 | ♦ | 6.9 |
| 78 | 25½ | Pineapple 10p | 72d | ...... | — | — | — |
| 391 | 280 | Pleasurama 5p | 342 | +2 | †7.5 | 3.6 | 3.1 |
| 178 | 136 | Do. 7pcCvCmRedPf | 156 | +2 | 7% | — | 6.3 |
| 157 | 94 | Prestwich | 115 | ...... | 0.85 | 6.9 | 1.0 |
| 49 | 18 | Radio City 'A' NV | 49 | ...... | — | — | — |
| 61 | 33 | Radio Clyde NV | 61 | +1 | 3.5 | 1.6 | 8.1 |
| 403 | 322 | Really Useful Grp 5p | 368 | +2 | 11.25 | 2.2 | 4.3 |
| 64 | 36½ | Riley Leisure 10p | 53 | +1 | — | — | — |
| 230 | 129 | Saga Hols. 20p | 165 | +3 | 4.6 | 2.6 | 3.9 |
| 355 | 148 | Samuelson Grp 20p | 212 | –3 | 2.4 | 6.5 | 1.6 |
| 125 | 69 | Sangers Photo 10p | 83 | +2 | †12.2 | 1.5 | 3.7 |
| 178 | 93 | Scears 20p | 180xr | ...... | †4.0 | 3.5 | 5.5 |
| 363 | 175 | Scott. TV 10p | 350 | +4 | †10.5 | 3.3 | 4.2 |
| 27 | 7 | Select TV 10p | 14½ | ...... | — | — | — |
| 37 | 20 | Spectrum 5p | 24 | ...... | †12.0 | 4.8 | ‡ |

## MINES—Continued (Miscellaneous)

| 1986/87 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 80 | 21 | Colby Res Corp. | [illegible] | ...... | — | — | — |
| 300 | 115 | Cons. Murch. 10c | £13⅝ | ...... | Q60c | 4.4 | 9.9 |
| 48 | 24 | Essex Int. Ir10p | 45 | ...... | — | — | — |
| 175 | 70 | Greenwich Res. | 173 | –2 | — | — | — |
| 327 | 165 | Highwood Res. | 229 | +2 | — | — | — |
| £20¾ | £13¾ | Homestake Mining $1 | £18½ | +¼ | Q20c | — | 0.7 |
| 310 | 156 | McFinley Red Lake | 164 | +2 | — | — | — |
| 285 | 113 | Musto Explorations | 135 | +1 | — | — | — |
| 51 | 28 | New Sabina Res C$1 | 39 | +1 | — | — | — |
| 353 | 200 | Northgate C$1 | 338 | +15 | — | — | — |
| 790 | 513 | RTZ | 767 | –2 | 22.0 | 2.4 | 4.0 |
| £164 | £115 | Do. 9½pcLn '95-2000 | £157¼ | +½ | Q9½% | 15.5 | 6.0 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – | Stock | Price | + or – |
|---|---|---|---|---|---|
| Albany Inv 20p | 62 | ...... | Fin. 13% 97/02 | £102⅝ | ...... |
| Craig & Rose £1 | £14¾ | ...... | Arnotts | 395 | ...... |
| Finlay Pkg. 5p | 53 | ...... | CPI Hldgs. | 60 | +3 |
| Holt (Jos) 25p | 840 | +5 | Carroll Inds. | 161xd | –2 |
| IoM Stm. £1 | 75 | –1 | Dublin Gas | 10 | ...... |
| | | | Hall (R. & H.) | 101 | –1 |
| IRISH | | | Helton Hldgs. | 38 | +1 |
| Fund 11¼% 1988 | £97½ | ...... | Irish Ropes | 145xd | ...... |
| Nat. 9¾% 84/89 | £93¾ | +¼ | Unidare | 310 | ...... |

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# LONDON STOCK EXCHANGE

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Dec 22 | Jan 8 | Jan 9 | Jan 19 |
| Jan 12 | Jan 22 | Jan 23 | Feb 2 |
| Jan 26 | Feb 5 | Feb 6 | Feb 16 |

* New time dealings may take place from 9.00 am two business days earlier.

# Equity market fails to hold early improvement but Government bonds move higher

The uncertainties over the outlook for the US dollar again kept the major institutions on the sidelines of the UK securites markets yesterday. and share prices proved unable to sustain attempts to rally from Monday's falls. Selling pressure was light, however, and traders remained confident of the underlying firmness of the equity sector

Government bonds looked uncertain until the end of the session when the long gilt futures contract moved up to the top of its recent trading range, and the cash market closed firmly with gains ranging to ½ point. The latest UK money supply statistics were well received, but retail support for gilts was still lacking.

In early trading, the equity market recouped Monday's loss but was then jarred by two unsettling domestic developments. Two directors resigned from Morgan Grenfell, the troubled merchant bank, and BTR confirmed market rumours by terminating its offer for Pilkington Brothers, the St Helens glassmaker

An erratic opening on Wall Street left London's equities to abandon their gains, and by the close, prices were little changed on the day. The FT-SE 100 index ended 0.5 up at 1,778.9, after touching a new trading peak at mid-session. At 1,399.0. the FT ordinary index gained 2.0.

An absence of US support for the multinational blue chips was a bearish factor. Oils, in particular, fell out of favour as crude prices softened. and British Petroleum extended the loss of the previous session.

Traders reported a "dramatc drop" in enquiry for oils and the other major internationals. The exception was Imperial Chemical Industries, recommended this week in the London press, and also a chart favourite.

Morgan Grenfell fell sharply on the news of boardroom resignations but soon rallied as bid speculators took hold. Pilkington Bros, after falling sharply as the market anticipated withdrawal of the BTR offer, steadied in late dealings.

The Gilt-edged sector opened firmly in response to a steadier trend in the currency markets, but soon flagged as the retail buyers stayed out of the way. Yesterday's UK money supply statistics, together with the Public Sector Borrowing Requirement totals disclosed on Monday, aided market sentiment, however.

Traders were encouraged when the Gilt-edged future contract moved to 115 12/32, top of the recent range and a firm basis for today's (Wednesday) opening.

## Morgan Grenfell fall

The resignations of Mr Christopher Reeves, deputy chairman and group chief executive, and Mr Graham Walsh, head of corporate finance, depressed Morgan Grenfell which immediately plummeted to 394p on the news. However, due to the efforts of a large buyer at the lower level a rally ensued which left a close of 412p, down 3 on balance. Hill Samuel, meanwhile, which have been a particularly firm market of late on hopes of a bid from either NZI or FAI-Insurances, the Australasian companies which have stakes of 4.5 and 7.4 respectively in the company, retreated 6 to 509p, after 494p, following reports that HS and Cazenove are being sued for £40m by Turner and Newall for their controversial defence last year of engineering concern AE. Kleinwort Benson, on the other hand, added 18 at 618p as far-eastern stakebuilding rumours continued Elsewhere, Standard Chartered revived after-hours' when a sudden flurry of speculative buying lifted the shares 7 to 784p; the shares have been quiet for some time now as dealers awaited news regarding Mr Tan Sri Khoo Tech Puat's 6.28 per cent stake in the company.

Guinness went to 270p before falling back on the latest Morgan Grenfell developments to close 3 down on balance at 264p. Vaux were also dull, meeting with loose stock from disillusioned bid speculators and settling 8 lower at 495. Matthew Clark, on the other hand, responded to the chairman's long-term confidence and explanations for the interim profits shortfall. Earnings of £2.6m were below some optimistic forecasts, which ranged to £3.2m, but Matthew Clark shares gained 5 to 465p. Elsewhere, Buckley's Brewery were unmoved by Tony Cole's Bestwood seeking representation on the board after increasing the stake held to 27.57 per cent.

Leading Building issues attracted selective buying interest ahead of a broker's presentation. Marley were especially favoured on this score and gained 6 to 136p, after 137p. George Wimpey hardened a penny to 204p, while Barratt Developments moved ahead on speculative buying to close 7 higher at 169p. John Mowlem put on 8 to 380p reflecting US support. Elsewhere, McCarthy and Stone rose 18 to 371p in reply to a broker's recommendation, while Helical Bar touched 510p prior to closing net 18 up at 506p following a broker's lunch and newsletter comment. Brick concerns continued to forge ahead on takeover speculation, Baggeridge Brick rising a further 20 to 590p and Nottingham Brick 6 more to 305p. Other notable gains among builders included J. Jarvis, up 23 at 533p in a restricted market and Attwoods, 8½ higher at 266p. Anglo United added 2 to 40p on speculative buying and Ruberoid rose 5 to 345p.

Reflecting the strength of Wall Street overnight, ICI firmed ¼ to £12.

Firmer conditions returned to leading stores as hopes of Budget tax cuts and lower interest rates were revived by the latest Government PSBR figures. Woolworth added 11 at 718p and Laura Ashley improved 4 at 171p; the latter were additionally helped by publicity given to a James Capel circular. Elsewhere, John Menzies jumped 9 to 340p on reports that Dixons were building a stake in the company and W. H. Smith "A" gained 19 to 309p following buying ahead of the interim results scheduled for next Wednesday. Speculative demand lifted Executex 7 to 120p and Prestaprint put on 10 at 91p.

## Thorn EMI better

News of a lucrative Ministry of Defence order and profits upgrading by Barclays de Zoete Wedd induced good buying of Thorn EMI which touched 542p before closing 15 higher on balance at 539p. BICC continued to reflect a recent broker's recommendation and closed a further 3 dearer at 307p, but the escalating labour dispute deterred support of British Telecom which closed the session a penny easier at 216½p. Elsewhere in Electricals, Tenby jumped 10 to 227p in response the agreed bid terms from Emess Lighting; BSR added 6 to 105p in sympathy. International Signal and Control revived with a rise of 10 at 279p and Pressac put on 5 at 173p. Norbain jumped 14 to 80p and Continental Microwave rose 15 to 205p in a thin market. Blick closed 4 dearer at 148p following the excellent annual results and accompanying cheerful statement, but Kewill Systems reflected the disappointing interim profits at 68p, down 7. Berland dropped 25 to 113p in reaction to a BZW profits downgrading and rumours that the company had lost a major contract. Further consideration of the merger discussions currently taking place left Oxford Instruments 5 off at 443p and UEI 5 down at 370p.

APV, up 30p at 618p, and Baker Perkins, 17 higher at 373p, continued to benefit from the agreed merger. Selective support was forthcoming for other Engineering issues. Concentric were favoured and put on 15 to 142p, while, Glynwed. still reflecting recent press mention, made further headway and put on 5 more to 362p. Molins improved 6 to 198p, while Babcock closed 5 dearer at 196p. Speculation about the Regentcrest stake prompted a fresh advance of 5 to 260p in Hall Engineering.

Confectionery issues continued to feature the Food sector. Rowntree Mackintosh currently being recommended by several brokers, gained 13 more to 455p, while Cadbury Schweppes continued to reflect takeover speculation with a fresh rise of 3 to 206p United Biscuits revived strongly and rose 8 to 255p, while Northern Foods firmed 8 to 264p. Tate and Lyle made early progress to 638p before easing back to close 6 cheaper on balance at 629p. Elsewhere, Booker found support and gained 3 to 374p, while Associated Fisheries put on 6 to 130p. Albert Fisher added 2½ to 189p following comment on the latest acquisition. Dalepak put on 8 to 152p.

## Pilkington on offer

BTR's decision to lapse its offer for Pilkington prompted selling of the latter which fell away in active trading to 654p before recovering a little to close 35 down on the day at 660p. BTR ended a penny off at 288p, after 301p. Among the other miscellaneous industrial leaders. Beecham closed a few pence firmer at 464p following news of the merger of Beecham Foods and Bovril to form a new business to be called Beecham Bovril Brands. This completes the reoranisation of the group's food and dring division. Elsewhere, Berisfords featured a jump of 22 to 137p on the announcement of a bid approach, while the news of bumper preliminary figures and a capital reorganisation prompted a rise of 17 to 123p in Burndene. US buying left Reed International 20 to the good at 365p. Reuters, also an American favourite. rose 5 to 595p, while Bowater advanced 11 to 383p. Buying interest revived in Pentland, which put on 15 to 520p, but the announcement of acquisitions to be funded via a £16.2m rights issue prompted a reaction of 14 to 190p in Cannon Street Investments. Still reflecting the recent reorganisation, Hunter rose 28 to 425p. BET were relatively briskly traded and gained 8 to 486p, while Savage, reflecting a broker's circular, moved up 20 to 171p. Associated British Ports, bought recently on its property potential, met with a revival of demand and put on 12 to 365p. Demand persisted for Wellcome, up 4 more at 271p, but TSL Thermal Syndicate eased a couple of pence to 78p following the poor annual figures and passing of the final dividend. Gestetner, awaiting tomorrow's preliminary results. improved 5 to 219p.

Television issues gave another outstanding performance demand in a market short of stock prompting fresh gains in excess of 20p. LWT rose 23 to 528p-529p and TV-am, 17 to 252p. Central were 17 higher at 410p and Anglia 20 up at 391p, the latter awaiting today's annual results. Yorkshire rose 10 to 213p, while recent newcomer Border TV put on 5 to 60p.

Hopes that the group will report good mid-term results today lifted Dowty 5 to 247p in a generally steadier Motor sector. Kwik-Fit improved 3 to 108p and boes AE. 301p. and Lucas Industries, 515p. were fractionally better. Among Distributors, T. Cowie continued to gived ground, ending 7 off at 235p.

Smart gains were registered by Paper/Printings and selected Newspapers also continued in vogue. DRG surged 18 higher to 361p, while McCorquodale, which had fallen out of line with the price of successful bidder Norton Opax, jumped 21 to 306p. Jefferson Smurfit gained 21 more to 401p. Speculation that Sun Chemical would soon bid for the shares not already owned—the outstanding ekuity is small-triggered useful buying of Ault and Wiberg,finally 10 higher at 78p. Associated were the focal point in Newspapers and rose 19 more to 465p on demand emanating from Kleinwort Grieveson's recent "buy" recommendation. USM-listed Accord Publication put on 7 further at 198p.

Leading Properties moved narrowly, but Land Securities were finally 4 dearer at 346p following Press comment suggesting an overseas bid for the company. MEPC firmed a penny to 347p and Great Portland Estates added 3 to 217p, while a similar improvement was seen in Peachey, 385p. Connells, which rejected a takeover approach from an unnamed party on Monday, attracted fresh support on speculation that a potential bidder may proceed without the company's blessing and the close was 5 higher at 320p; TSB were being mentioned as a likely suitor. Hambro Countrywide rose 12 to 347p. Elsewhere in the Property sector, Sheraton Securities met with renewed support and firmed 2½ to 56½p, while Hardanger rose 25 to 435p in a restricted market. Cens Tern attracted further demand and gain 10 to 56p.

Publicity on the new management structure at British and Commonwealth—two managing directors have been appointed to assist chief-executive Mr John Gunn—touched off demand for the group's shares which gained 9 to 344p. Associate Caledonia Investments rose 5 to 320p.

John Crowther claimed attention again and rose 5 more to 163p amid talk of stake-building and bid possibilities. Price movements elsewhere in Textiles were small with the exception of Harold Ingram, which put on 5 at 140p.

National Home Loans' first offering of euromarket floating rate notes was good for a further rise in the shares of 3 to 131p. The company intends to issue £50m of rated sterling-denominated securities backed by a pool of UK residential mortgages at par with a maturity date of 2013. The Financial and Investment Trust sectors otherwise presented few features apart from Parambe. another 5 higher at 58p. and Hunting, 5 dearer at 126p.

## Oils easier

The oil majors continued to drift lower in the absence of buyers as crude prices turned easier. British Petroleum lost 12 at 784p, while Britoil slipped 3½ to 1917½p. However, Shell, held steady at £10 5/8. Ultramar came back 9 to 165p: Rainbow Corporation's interest in the Ordinary shares of the company has been reduced to 5.9 per cent. North West Exploration, still reflected a newsletter recommendation, put on 5 to 29p a two-day gain of 9.

Overseas Traders were devoid of colour and the only movement worthy of note was a fall of 6 to 149p in Teser Kemsley.

Gold shares stood up firmly against yesterday's sharp fall in bullion prices, which ended $7 down at $415 in London. Traders commented that Johannesburg investors had held on to their recent stock purchases, while European and US houses continued to show little interest.

While many of the producer stocks showed minor losses, selling pressure was light, and some managed to extend their recent gains. Randfontein East and Kinross were among those to give back part of Monday's rises, but continuing to do well were Harmony, and Welkom.

The uncertain outlook for the dollar, fuelled by news that the Japanese Finance Minister will visit Washington today, is still underpinning the gold share sector.

## Traded Options

Heavy call option activity in British Gas ahead of today's interim statement saw 11,234 deals done out of the overall total of 38,978, while nearly 4,000 puts were arranged Grand Metropolitan were also lively with 2,845 calls and 1,393 puts done and bid hopes continued to induce support of Consolidated Goldfields calls—2,821 deals done.

## Traditional Options

- First dealings Jan 19 Feb 2 Feb 16
- Last dealings Jan 30 Feb 13 Feb 27
- Last declaration Apr 23 May 7 May 28
- For Settlement May 5 May 18 June 8

*For rate indications see end of Unit Trust Service*

Stocks favoured for the call included Amstrad, Consolidated Gold Fields, Ryan International, Hughes Food, Leisure Investments, Atlantic Resources, Border TV, J. Israel, NMC, Elswick, Guinness, Norfolk Capital, Birmid Qualcast, Conroy Petroleum, Abacco, Virgin, TSB, Associated British Ports, Tricentrol, Boddingtons, Febel, Cradley Printing, Benlox, Victor Products, Polly Peck, Stockley, TV South, Feb International, Paragon, Oil Search, British Land, Bond Worth and Premier Consolidated. J. Hewitt were dealt in for the put, while double options were arranged in Ryan International, Nu-Swift, Tenby, British Gas and Hughes Food.

## FINANCIAL TIMES STOCK INDICES

| | Jan. 20 | Jan. 19 | Jan. 16 | Jan. 15 | Jan. 14 | Year ago | 1986/87 High | 1986/87 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 85.53 | 85.31 | 85.43 | 84.88† | 84.82 | 80.56 | 94.51 (18/4/86) | 80.39 (20/1/86) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 91.65 | 91.66 | 91.52 | 91.35 | 91.26 | 86.71 | 97.68 (7/7/86) | 86.55 (23/1/86) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1,399.0 | 1,397.0 | 1,403.0 | 1,406.9 | 1,389.0 | 1,108.7 | 1,425.9 (3/4/86) | 1,094.3 (14/1/86) | 1,425.9 (3/4/86) | 49.4 (26/6/40) |
| Gold Mines | 335.4 | 335.2 | 333.0 | 338.7 | 335.5 | 341.8 | 357.8 (22/9/86) | 185.7 (18/7/86) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 4.09 | 4.10 | 4.08 | 4.06 | 4.12 | 4.47 | | | | |
| Earnings Yld.%(full) | 9.59 | 9.61 | 9.62 | 9.59 | 9.72 | 10.94 | | | | |
| P/E Ratio (net) (*) | 12.78 | 12.75 | 12.75 | 12.80 | 12.62 | 11.34 | | | | |
| SEAQ Bargains (5 pm) | 38,294 | 43,425 | 44,842 | 36,510 | 28,431 | | | | | |
| Equity Turnover (£m) | | 1,190.85 | 1,757.58 | 1,334.32 | 1,184.39 | 485.74 | | | | |
| Equity Bargains | | 58,553 | 54,066 | 45,705 | 36,980 | 22,165 | | | | |
| Shares Traded (ml) | – | 525.1 | 625.2 | 537.3 | 489.5 | 215.6 | | | | |

**S.E. ACTIVITY**

| Indices | Jan. 19 | Jan. 16 |
|---|---|---|
| Gilt Edged Bargains | 150.6 | 123.6 |
| Equity Bargains | 379.4 | 350.3 |
| Equity Value | 2407.0 | 3552.5 |
| 5-Day Average | | |
| Gilt Edged Bargains | 118.3 | 111.3 |
| Equity Bargains | 318.1 | 311.8 |
| Equity Value | 2775.7 | 2827.8 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1405.9 | 1406.7 | 1406.1 | 1404.7 | 1406.3 | 1406.2 | 1406.0 | 1399.8 |

Day's High 1407.5. Day's Low 1397.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, †Corrected *Nil=12.31.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## NEW HIGHS AND LOWS FOR 1986-87

**NEW HIGHS (250)**

BRITISH FUNDS (1). AMERICANS (3). CANADIANS (2). BANKS (1). BREWERS (2). BUILDINGS (14). CHEMICALS (10). STORES (6). ELECTRICALS (15). ENGINEERING (12). FOODS (17). HOTELS (1). INDUSTRIALS (37). LEISURE (11). MOTORS (6). NEWSPAPERS (5). PAPER (8). PROPERTY (11). TEXTILES (8). TRUSTS (59). OILS (2). OVERSEAS TRADERS (4). MINES (15).

**NEW LOWS (9)**

BREWERS (3) Guinness, Do 5¾pc Cnv Pf, Invergordon Distillers. STORES (1) Bik Bok Gruppen. ELECTRICALS (1) Borland Intnl. INDUSTRIALS (3) Dominion Intnl, Hollis 252pc Cnv Ln, Huntleigh Tech. PAPER (1) Millward Brown.

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS** — Tuesday, January 20 1987

[illegible]

## FIXED INTEREST

[illegible]

⊕Opening index 1787.3; 10 am 1788.6; 11 am 1787.5; Noon 1785.4; 1 pm 1787.8; 2 pm 1788.2; 3 pm 1786.0; 3.30 pm 1782.3; 4 pm 1779.3.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

## LONDON TRADED OPTIONS

| Option | | Calls Jan. | Calls Apr. | Calls July | Puts Jan. | Puts Apr. | Puts July |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*343) | 280 | 65 | 75 | 82 | 0½ | 2 | 3 |
| | 300 | 45 | 57 | 67 | 1 | 2½ | 8 |
| | 330 | 15 | 33 | 45 | 1 | 10 | 15 |
| | 360 | 1 | 11 | 25 | 20 | 28 | 30 |
| B.P. (*782) | 650 | 133 | 143 | 162 | 1 | 2 | 5 |
| | 700 | 83 | 98 | 115 | 1 | 7 | 14 |

| Option | | Calls Feb. | Calls May. | Calls Aug. | Puts Feb. | Puts May. | Puts Aug. |
|---|---|---|---|---|---|---|---|
| Ladbroke (*395) | 330 | 70 | 78 | 88 | 0½ | 2 | 3 |
| | 360 | 42 | 50 | 63 | 1½ | 5 | 8 |
| | 390 | 17 | 32 | 42 | 9 | 15 | 20 |
| | 420 | 7 | 15 | 24 | 27 | 35 | 38 |

[illegible]

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 6,200 | 149 | — | Ladbroke | 983 | 393 | −2 |
| Allied Lyons | 1,100 | 343 | −1 | Land Securities | 2,700 | 346 | +4 |
| BAT | 3,100 | 492 | −3 | Legal & Gen. | 2,100 | 266 | +1 |
| BET | 1,500 | 486 | +8 | Lloyds Bank | 798 | 504 | −3 |
| BOC | 3,000 | 392 | −5 | Lonrho | 1,200 | 257 | +3 |
| BTR | 11,650 | 288 | −1 | Marks & Spncr. | 4,600 | 199 | +2 |
| Barclays | 1,300 | 542 | −2 | Midland Bank | 1,200 | 604 | |
| Bass | 553 | 755 | −6 | NatWest Bank | 737 | 587 | |
| Beecham | 3,100 | 464 | +3 | Pearson | 213 | 591 | −2 |
| Blue Circle | 336 | 688 | −3 | P & O | 1,100 | 550 | +2 |
| Boots | 10,000 | 249 | +1 | Pilkington Bros. | 10,750 | 660 | −35 |
| Brit. Aero | 795 | 573 | +3 | Plessey | 2,000 | 200 | +1 |
| Brit. Gas | 63,000 | 69½ | −1 | Prudential | 278 | 839 | −3 |
| Britoil | 6,000 | 191½ | −3½ | Racal | 2,800 | 192 | — |
| BP | 7,400 | 784 | −12 | Rank Org | 430 | 561 | +3 |
| Brit. Telecom | 4,500 | 216½ | −1 | Reckitt & Col | 323 | 910 | −5 |
| Burton | 5,100 | 284 | +1 | Reuters | 535 | 599 | +5 |
| Cable & Wire | 3,200 | 353 | +3 | RTZ | 1,400 | 767 | −2 |
| Cadbury Schwps. | 8,398 | 206 | +3 | Rowntree Mac | 4,500 | 455 | +13 |
| Coats Viyella | 159 | 516 | | Royal Insurance | 1,000 | 869 | +2 |
| Comm. Union | 2,600 | 287 | — | STC | 1,575 | 91 | — |
| Cons. Gold | 1,800 | 735 | +6 | Sainsbury | 546 | 440 | +2 |
| Courtaulds | 585 | 349 | −1 | Sears | 5,200 | 128½ | −½ |
| Dee Corp | 3,000 | 232 | +1 | Sedgwick | 974 | 335 | −4 |
| Dixons Grp | 1,000 | 326 | +2 | Shell Trans | 3,700 | £10 5/8 | |
| Fisons | 1,000 | 589 | −2 | Smith & Nephew | 2,300 | 134 | −½ |
| Gen. Accident | 250 | 857 | - | Standard Chart. | 484 | 784 | +7 |
| Gen. Elect. | 4,300 | 195 | −1 | Storehouse | 4,900 | 276 | +3 |
| Glaxo | 656 | £11⅛ | — | Sun Alliance | 810 | 694 | |
| Grand Met | 7,150 | 457 | +3 | TSB | 6,100 | 79½ | – |
| Gus "A" | 596 | £11 3/16 | +⅛ | Tesco | 1,900 | 441 | +3 |
| Guardian R.E. | 551 | 814 | −5 | Thorn EMI | 4,900 | 539 | +15 |
| GKN | 893 | 303 | +1 | Trafalgar House | 1,300 | 296 | — |
| Guinness | 3,200 | 264 | −3 | T'house Forte | 1,700 | 191 | +1 |
| Hanson Trust | 8,398 | 203 | −½ | Unilever | 243 | £22 13/16 | −⅛ |
| Hawker Sidd | 842 | 501 | +5 | United Biscuits | 5,500 | 255 | +8 |
| ICI | 1,275 | £12 | +¼ | Wellcome | 3,500 | 271 | +4 |
| Jaguar | 1,325 | 565 | −8 | Woolworth | 1,000 | 718 | +11 |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 98 | 8 | 7 |
| Corporations, Dominion and Foreign Bonds | 0 | 0 | 70 |
| Industrials | 580 | 351 | 602 |
| Financial and Properties | 216 | 123 | 245 |
| Oils | 26 | 45 | 42 |
| Plantations | 1 | 3 | 10 |
| Mines | 80 | 39 | 64 |
| Others | 96 | 36 | 55 |
| Totals | 1,097 | 605 | 1,095 |

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986/87 High | 1986/87 Low | Stock | Closing Price | + or | Net Div | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡‡ | F.P. | 30/1 | 69 | 65 | ♦Avesco (Reg) 1p | 69 | +1½ | L0.5 | 6.6 | 1.0 | 17.7 |

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

# WORLD STOCK MARKETS

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## FINLAND

## NETHERLANDS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ¶ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

## GERMANY

## ITALY

## FRANCE

## NORWAY

## SPAIN

## SWEDEN

## SWITZERLAND

## AUSTRALIA

## AUSTRALIA (continued)

## HONG KONG

## JAPAN

## JAPAN (continued)

## SINGAPORE

## SOUTH AFRICA

# CANADA

## TORONTO

*Closing prices January 20*

## MONTREAL

*Closing prices January 20*

F—No voting rights or restricted voting rights.

# Indices

## NEW YORK

## STANDARD AND POORS

## N.Y.S.E. ALL COMMON

## TORONTO

** Saturday January 17: Japan Nikkei (c). TSE (c).

## NYSE-Consolidated 1500 Actives

## TOKYO—Most Active Stocks

Thursday, Jan 15, 1987

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

Continued from Page 37

## LONDON

Chief price changes (in pence unless otherwise indicated)

### RISES

| | | |
|---|---|---|
| APV Hldgs. | 618 | +30 |
| Accord Publ. | 198 | +7 |
| Anglia TV | 391 | +5 |
| Assoc. News | 465 | +10 |
| Ault & Wiborg | 78 | +10 |
| Bagger Brick | 590 | +10 |
| Barrat Dvlpmts | 189 | +7 |
| Berisfords | 137 | +22 |
| Burnd Invs. | 171 | +12 |
| DRG | 361 | +18 |
| Executex | 120 | +7 |
| Helical Bar | 506 | +18 |
| LWT | 528 | +23 |
| McCar & Stone | 372 | +10 |
| McCorq | 306 | +21 |
| Marley | 136 | +6 |
| Menzies (J.) | 340 | +9 |
| Reed Intl. | 365 | +20 |
| R Mackint | 455 | +13 |
| Savage | 171 | +20 |
| Smith (W.H.) A | 309 | +19 |
| Smurfit (J) | 491 | +21 |
| Tenby Inds. | 227 | +10 |
| Utd Biscs | 255 | +8 |

### FALLS

| | | |
|---|---|---|
| Borl Intl. | 113 | -25 |
| BP | 784 | -12 |
| Cannon St. Invs. | 100 | -14 |
| Kew Systems | 66 | -7 |
| Pilk Bros. | 660 | -35 |
| Txr Kemsley | 149 | -6 |

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 28 | 17 | AAR | s | .50 | 1.8 | 20 | 674 | 28 | 27 | 27¼ | −¾ |
| 30½ | 21¾ | ADT | | .92 | 3.2 | | 158 | 29 | 28⅝ | 28¾ | −⅛ |
| 36⅝ | 17½ | AFG | s | .12 | .3 | 10 | 793 | 35⅞ | 35 | 35⅝ | +⅜ |
| 34⅞ | 16¾ | AGS | | | | 22 | 914 | 34½ | 33 | 33½ | +⅝ |
| 15 | 6¾ | AMCA | | | | | 25 | 7⅜ | 7¼ | 7¼ | −⅛ |
| 62⅞ | 43 | AMR | | | | 14 | 8680 | 61⅜ | 59¾ | 60 | −⅜ |
| 15½ | 10 | ARX | | .71t | 6.2 | 11 | 193 | 11⅞ | 11½ | 11½ | −⅛ |
| 42⅞ | 28¾ | ASA | | 2a | 5.0 | | 1898 | 41⅝ | 39½ | 39¾ | −2⅜ |
| 15⅝ | 9¾ | AVX | | | 2.1 | | 1530 | 15½ | 14¾ | 15 | +⅛ |
| 32 | 26 | AZP | | 2.72 | 8.8 | 9 | 4262 | 31¼ | 30¾ | 31 | −⅛ |
| 56 | 31⅝ | AbtLb | s | .84 | 1.6 | 23 | 5815 | 53 | 52¼ | 52⅝ | +¼ |
| 32 | 25 | AccoWd | | .56 | 1.9 | 19 | 121 | 29¾ | 29¼ | 29¼ | −⅛ |
| 14⅜ | 9 | AcmeC | | .40 | 3.6 | | 335 | 11¾ | 11¼ | 11¼ | −¼ |
| 9¼ | 6⅛ | AcmeE | | .32b | 4.3 | 19 | 78 | 7½ | 7¼ | 7½ | +⅛ |
| 23⅞ | 17½ | AdaEx | | 3.43e | 16. | | 185 | 21¾ | 21¼ | 21⅜ | |
| 16⅜ | 9¾ | AdmMl | s | | | | 121 | 16⅛ | 15⅞ | 15⅞ | −⅛ |
| 20⅜ | 12⅛ | AdvSys | | .62 | 3.3 | 15 | 156 | 19 | 18½ | 18⅝ | −¼ |
| 32⅞ | 12⅞ | AMD | | | | | 8861 | 18¾ | 18 | 18 | −½ |
| 12⅜ | 5¼ | Adobe | | | | | 100 | 8⅜ | 8⅛ | 8⅛ | −⅛ |
| 17⅜ | 13¾ | Adob | pf | 1.84 | 11. | | 51 | 17¼ | 17 | 17¼ | |

Continued on Page 37

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17 | 9¾ | Zemex | .40 | 3.4 | 18 | 18 | 11⅞ | 11¾ | 11¾ | −⅛ |
| 29⅞ | 17⅞ | ZenithE | | | | 2602 | 25⅜ | 24⅝ | 25 | +1¼ |
| 18¾ | 8 | ZenLb s | | | 54 | 2074 | 8⅞ | 8½ | 8⅝ | −¼ |
| 22⅝ | 12⅝ | Zero s | .29 | 1.7 | 18 | 224 | 17⅛ | 16⅞ | 17 | −⅛ |
| 45¾ | 32¾ | Zurnln | 1.32 | 3.2 | 16 | 116 | 42 | 41⅝ | 41⅝ | −⅛ |
| 10⅝ | 8¾ | Zweig | n.10e | 1.1 | | 1527 | 9¾ | 9½ | 9½ | −⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER Nasdaq national market, closing prices

Continued on Page 35

# FINANCIAL TIMES
## WORLD STOCK MARKETS

### WALL STREET

## Nail-biting finish to volatile day

THE DOW JONES industrial average scraped into the record books yesterday by closing higher for the 13th consecutive session, its longest winning streak since it was expanded to a 30-stock index in 1928, *writes Roderick Oram in New York.*

It was a cliff-hanging finish to a volatile session as blue chips struggled to overcome a heavy bout of selling in late afternoon when the index was as much as 10 points down on the day. It closed up only 1.97 at 2,104.47.

Seen in a broader perspective, however, the unprecedented New Year's rally faltered yesterday. The New York Stock Exchange composite index lost 0.09 of a point to close at 153.62 and the Standard & Poor's 500 index was off 0.30 of a point a 269.04. NYSE volume was 226.55m, the seventh busiest day ever, with the broadest range of investors from institutions to individuals in on the action. Advancing issues barely outpaced declining although they led two-to-one in early morning.

The Dow industrial had a roller coaster day opening strongly, with a 15 point rise, succumbing to profit taking and some disappointing earnings results in mid morning and afternoon while trying in between to earn its place in the record books.

Among the blue chips, American Express added $⅞ to $67½, AT & T slipped $⅛ to $26⅝, Chevron dipped $¼ to $52, Du Pont was up $½ to $95⅞, General Motors rose $1⅛ to $71⅛ and McDonald's gained $⅞ to $66⅞.

Worse than expected results from IBM was a key factor behind the Dow industrial's dip in mid morning. IBM had traded as high as $127¼ before announcing a near-halving in fourth quarter profits to $2.28 a share. Its shares fell $2⅛ below their opening level to $123⅛.

Two other computer makers reported yesterday. Wang Laboratories rose $⅛ to $14⅞. It suffered a second quarter loss of $78.6m against a year earlier profit of $21.7m. Apple Computer was the most active issue in the over-the-counter market adding $1½ to $51⅝ after turning in a 3 per cent rise in first quarter profits, although the per-share figure was unchanged at 91 cents.

Polaroid jumped $3½ to $75½ after Morgan Stanley's analyst raised her earnings' estimates.

Among banks reporting higher earnings in line with the industry trend, Citicorp was unchanged at $56⅝, Bank of Boston gained $⅞ to $46¼, Security Pacific was up $1 to $40⅞, Manufacturers Hanover rose $¼ to $48⅛ and Chase Manhattan Bank added $¼ to $39⅞ although Wells Fargo dipped $1⅞ to $107¾.

Securities firms fared poorly in the wake of Salomon Brothers forecast of sharply reduced fourth quarter profits. The most actively traded share on the NYSE, it dropped $5⅛ to $39¼, E. F. Hutton gave up $1½ to $40⅞, Paine Webber fell $1⅞ to $36⅞ and First Boston was down $⅞ to $47½.

A number of paper groups performed well. Great Northern Nekoosa advanced $2¼ to $79⅞ after forecasting fourth quarter earnings of $1.38 a share against 40 cents a year earlier. Kimberly-Clark gained $3⅞ to $98⅞, International Paper added $⅛ to $89¼ and Mead was up $1¾ to $68½.

Drug stocks were mixed. SmithKline Beckman was off $2⅞ to $101⅛ and Merck fell $3¼ to $133 while Squibb gained $1⅛ to $128¾ and Upjohn advanced $3⅞ to $106⅞.

CBS dropped $1⅞ to $135⅞.

The tone of the credit markets was helped by a much firmer dollar which rose on hopes that interest rates in Japan or West Germany could be lowered soon.

The price of the 7.50 per cent Treasury long bond ended the day up 7/16 of a point at 102⅜ at which it yielded 7.31 per cent. The yield curve steepened with prices barely rising on shortdated coupons.

The discount rate of three-month Treasury bills added one basis point to 5.35 per cent, fell one basis point to 5.36 per cent on six-month bills and lost five basis points to 5.35 per cent on year bills.

The Federal Reserve initiated two-day system repurchases when the Fed funds rate stood at 6 per cent. It is expected to add large quantities of reserves to the financial system over the next 10 days to compensate for the Treasury's large cash balance.

### TOKYO

## Caution cast aside on way to peak

PERSISTENT expectations of an imminent discount rate cut kept equities rising to yet another record in Tokyo yesterday despite investor caution after recent gains, *writes Shigeo Nishiwaki of Jiji Press.*

The growing nervousness led investors to shift their sights from recently popular issues like financials and large-capital steels and chemicals to railways and budget-influenced stocks.

The Nikkei average added 27.44 to 19,216.12, reaching a historical peak for the third session running. Turnover stayed strong, with 990m shares traded compared with Monday's 988m shares, as steel and chemical giants attracted the bulk of trading activity. Declines outdistanced advances by a slim margin of 429 to 419, with 148 issues unchanged.

With the dollar's slide against other major currencies lapsing into a lull, a wait-and-see attitude prevailed among both buyers and sellers in advance of talks between Japanese Finance Minister Mr Kiichi Miyazawa and US Treasury Secretary Mr James Baker, scheduled for today in Washington.

Some brokers consider that Japan will have little choice but to lower its official discount rate charged on short-term Bank of Japan loans to commercial banks from 3 per cent at present in order to stem the rapid rise of the yen.

A mixture of investor optimism and pessimism helped to accelerate the trading tempo, brokers said.

Financial stocks lost ground on profit-taking almost across the board after surging on Monday. Sumitomo Bank and Dai-Ichi Kangyo Band shed Y 50 each to Y 2,940 and Y 2,550 respectively, and Mitsubishi Bank Y 40 to Y 2,490, while Tokyo Marine and Fire Insurance slipped Y 20 to Y 2,040. Securities houses, by contrast, firmed, with Nomura Securities gaining Y 60 to Y 3,340.

Big-capital steels and chemicals turned down. Nippon Steel headed the active list, with 238m shares traded, weakening Y 1 to Y 220. Nippon Kokan and Kawasaki Steel drifted off Y 7 each to Y 248 and Y 198, respectively.

Shipbuilders finished mixed. Mitsubishi Heavy Industries fell Y 15 to Y 450, whereas Ishikawajima-Harima Heavy Industries strengthened Y 11 to Y 436.

Among general chemical firms, Mitsui Toatsu Chemicals was the second busiest stock with 44m shares, but it lost Y11 to Y438 on profit-taking. Sumitomo Chemical, with 27m shares, eased Y11 to Y476 and Showa Denko Y8 to Y396.

The sluggishness of recently popular issues prompted bargain-hunters to seek railways which are little affected by currency movements. Tobu Railway, with 26m shares, advanced Y25 to Y900, Tokyu Y40 to Y1,450 and Keisei Electric Railway Y23 to Y633.

Blue chip stocks rallied moderately on the dollar's rebound, but buying of these stocks remained small.

Bonds pushed ahead on strong hopes for co-ordinated discount rate cuts by Japan and the US. The yield on the bellwether 5.1 per cent government bond maturing in June 1996 fell below 5 per cent for the first time in about five months. The yield dropped from Monday's 5.025 finish to 4.980 per cent.

But the upsurge was due mainly to a push by dealers, with trust banks and other institutions holding off, so some dealers became nervous after recent gains.

### HONG KONG

AFTER ANOTHER NOSEDIVE in morning trading, share prices in Hong Kong picked up when bargain-hunters moved into the market.

The Hang Seng index ended 10.58 down at 2,449.88 after plunging 83 points at midday on continuing worries about the political situation in China. The index had already fallen 82.11 on Monday.

The Hong Kong index lost 8.5 to 1,560.21.

However, the renewed buying interest in the afternoon was aided by comments by China's chief representative in the colony to the effect that Peking would not abandon its policy of reform.

### SINGAPORE

A FRESH onset of profit-taking took share prices lower in Singapore, with the Straits Times industrial index falling 8.24 to 940.11.

However, trading was only moderate as many investors took to the sidelines, concerned that the market was seriously overbought after its advance last week.

There was also some caution ahead of the results of an inquiry into the death of the National Development Ministry last month. The inquest found he had committed suicide after being accused of corruption.

### LONDON

## Attempt at fresh rally falters

ATTEMPTS by the London stock market to rally from Monday's falls failed as major institutions again kept to the sidelines over the dollar's trend.

After early gains, share prices were also unsettled by the resignation of two Morgan Grenfell directors and BTR's termination of its offer for Pilkington. Wall Street's erratic opening added to the downward pressure and prices finished little changed.

The FT-SE 100 index ended 0.5 higher at 1,778.9 after touching a new high at mid-session, and the FT Ordinary index gained 2 to 1,399.0.

*Chief price changes, Page 35; Details, Page 34; Share information service, Page 32-33.*

### CANADA

MOST SECTORS moved lower in active trading in Toronto, led by golds which fell on the decline in bullion prices.

Among golds, Dome Mines, which plans a public offering worth C$100m ($73.6m), eased C$⅞ to C$12, while Echo Bay was off C$⅛ to C$36⅞. Against the trend, Lac Minerals gained C$1¼ to C$33⅞.

Montreal edged up slightly, with most sectors except banks following the trend.

### AUSTRALIA

THE IMPROVEMENT in the December current account deficit lifted the mood in Sydney and share prices closed generally higher on solid support for golds and resources and fresh interest in industrials.

The All Ordinaries index gained 4.8 to 1,533.6 after dropping to 1,526.0 in nervous early trading. The gold index was strongly ahead, up 24.5 to 2,045.0.

### SOUTH AFRICA

THE LOWER bullion price took some gold shares down in Johannesburg although prices generally closed mixed or steady.

Vaal Reefs, a key gold issue, lost R2 to R405, but F.S. Consolidated was steady at R52.50 and Buffels unchanged at R79. Driefontein added R1 to R75.

### EUROPE

## Pause after exertions as dollar firms

THE RECOVERY in the dollar and the overnight record-breaking performance on Wall Street provided the European bourses with a chance to catch their breath yesterday after their recent exertions.

Frankfurt regained its poise after the sharp decline on Monday and on the growing possibility of the Bundesbank cutting its discount rate either at tomorrow's policy-making council meeting or in early February.

The Commerzbank index was unchanged at 1,897.30.

Deutsche Bank starred with an early rise of DM 7 which was trimmed to a gain of DM 4 to close at DM 784.50.

Reflecting the continued uncertainty among export-dependent issues, Daimler lost a further DM 4 to DM 1,091 while BMW finished with a DM 4 advance to DM 510.

Energy group Veba gave up DM 8 more to DM 279 on government plans to sell its 25.5 per cent stake in March.

Klöckner Werke, which revealed that processing operations, exceeded steel sales last year for the first time, gave up 10 pfg to DM 159.

Puma sprinted DM 35 higher to DM 415 after Monday's sharp drop.

Profit-taking surfaced in the bond market with losses of up to 40 basis points among longs. Dealers were divided over the implications of the impact of a discount rate cut with some arguing that more profit-taking could develop if speculation of further rate declines ended. Others suggested that prices would hold firm because of the long-term potential of currency gains.

The Bundesbank bought a large DM 127.8m of paper after selling DM 68.9m on Monday. The average yield on public authority paper edged 1 basis point higher to 5.76 per cent.

Zurich derived inspiration from the stronger dollar although early gains were trimmed by profit-takers and by selling ahead of the maturing of January futures contracts on Monday.

Jacobs Suchard, currently in pursuit of Hero, added SFr 125 to SFr 8,875 on its higher dividend comments while Pirelli bearer picked up SFr 8 to SFr 458 after a forecast of higher 1986 results.

Amsterdam was only marginally higher despite the good foreign currency and stock market news. Internationals failed to respond to the higher dollar with only Royal Dutch Fl 2.10 stronger at Fl 211.70 as Unilever held unchanged at Fl 512.50 and Akzo retreated Fl 1.90 to Fl 139.20. KLM shed a further 70 cents to Fl 35.10.

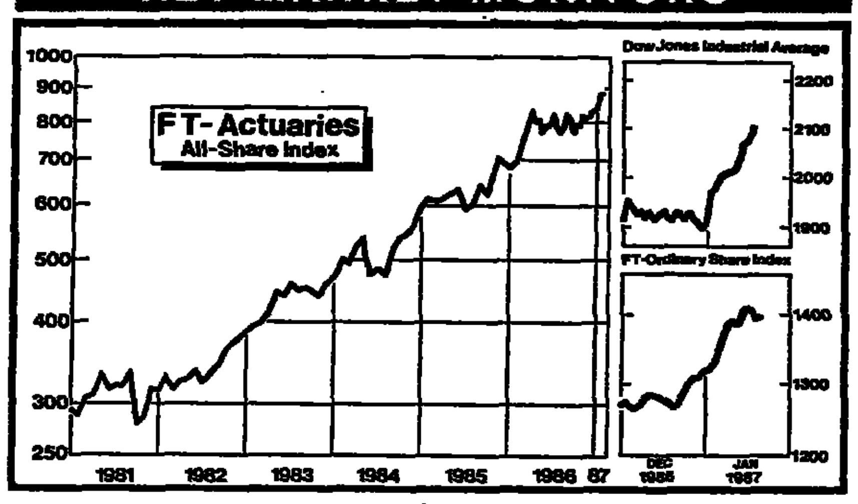
Banks were buoyed by the prospects of lower German rates, and by implication lower Dutch rates. ABN was Fl 12 higher at Fl 522 and NMB edged Fl 1.50 ahead to Fl 196. Loss-making mortgage bank FGH slipped 10 cents to Fl 10.00, the bid price made by insurer Aegon on Friday.

Brussels enjoyed moderate gains in calm trading. Tractebel among holding companies closed BFr 50 higher to BFr 6,430 with Reserve down BFr 15 at BFr 3,380. Chemicals were broadly higher with Solvay managing a good BFr 210 gain to BFr 8,750 following yesterday's BFr 70 dividend payment and higher-than-expected profits for 1986.

Milan firmed in thin trading while Stockholm staged a broad advance spurred by lower long-term interest rates. Paris drifted lower amid caution over the currency markets. Madrid manged a fresh record with a 2.56 gain in the bourse index to 238.47 and chemicals and construction issues leading the way.

Oslo remained lethargic despite higher volume and a NKr 3 gain in Norsk Hydro to NKr 144.

## KEY MARKET MONITORS




**STOCK MARKET INDICES**

| NEW YORK | Jan 20 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 2,104.47 | 2,102.50 | 1,529.13 |
| DJ Transport | 877.79 | 882.51 | 715.81 |
| DJ Utilities | 224.26 | 223.34 | 172.34 |
| S&P Composite | 269.04 | 269.34 | 207.53 |
| **LONDON** | | | |
| FT Ord | 1,399.0 | 1,397.0 | 1,108.7 |
| FT-SE 100 | 1,778.9 | 1,778.4 | 1,378.3 |
| FT-A All-share | 887.75 | 886.68 | 667.34 |
| FT-A 500 | 973.98 | 972.71 | 730.19 |
| FT Gold mines | 335.4 | 335.2 | 341.8 |
| FT-A Long gilt | 9.92 | 9.96 | 10.81 |
| **TOKYO** | | | |
| Nikkei | 19,216.12 | 19,188.68 | 12,952.0 |
| Tokyo SE | 1,650.86 | 1,654.37 | 1,030.30 |
| **AUSTRALIA** | | | |
| All Ord. | 1,534.0 | 1,528.4 | 1,065.6 |
| Metals & Mins. | 786.0 | 780.5 | 545.5 |
| **AUSTRIA** | | | |
| Credit Aktien | 217.68 | 219.31 | 251.520 |
| **BELGIUM** | | | |
| Belgian SE | 4,029.49 | 4,023.09 | 2,823.33 |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 2,155.6 | 2,173.4 | 2,224 |
| Composite | 3,251.3 | 3,273.2 | 2,846.5 |
| **Montreal** | | | |
| Portfolio | 1,643.80 | 1,648 | 1,139.45 |
| **DENMARK** | | | |
| SE | – | 215.97 | 214.92 |
| **FRANCE** | | | |
| CAC Gen | 413.50 | 415.60 | 273.8 |
| Ind. Tendance | 103.90 | 104.30 | 165.9 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 627.27 | 627.69 | 708.77 |
| Commerzbank | 1,897.30 | 1,897.30 | 2,139.3 |
| **HONG KONG** | | | |
| Hang Seng | 2,449.88 | 2,460.46 | 1,775.82 |
| **ITALY** | | | |
| Banca Comm. | 722.06 | 728.46 | 487.37 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 270.90 | 270.90 | 102.9 |
| ANP-CBS Ind | 262.70 | 262.10 | 254.7 |
| **NORWAY** | | | |
| Oslo SE | 367.58 | 367.82 | 399.14 |
| **SINGAPORE** | | | |
| Straits Times | 940.11 | 948.35 | 596.18 |
| **SOUTH AFRICA** | Jan 20 | Prev | Year Ago |
| JSE Golds | — | 2,107.0 | 1,253.4 |
| JSE Industrials | — | 1,464.0 | 1,098.0 |
| **SPAIN** | | | |
| Madrid SE | 238.47 | 253.91 | 113.11 |
| **SWEDEN** | | | |
| J & P | 2,283.60 | 2,259.20 | 1,747.98 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 581.10 | 576.80 | 592.1 |
| **WORLD** | Jan 19 | Previous | Year ago |
| MS Capital Int'l | 393.7 | 387.10 | 253.6 |

**COMMODITIES**

| (London) | Jan 20 | Prev |
|---|---|---|
| Silver (spot fixing) | 368.40p | 367.45p |
| Copper (cash) | £872.75 | £870.25 |
| Coffee (March) | £1,615.50 | £1,547.50 |
| Oil (Brent blend) | $18.55 | $18.65 |

**GOLD (per ounce)**

| | Jan 20 | Prev |
|---|---|---|
| London | $415.00 | $422.25 |
| Zürich | $414.75 | $422.75 |
| Paris (fixing) | $416.98 | $421.42 |
| Luxembourg | $418.00 | $421.50 |
| New York (Feb) | $413.00* | $423.30 |

**CURRENCIES**

| (London) | US DOLLAR Jan 20 | US DOLLAR Previous | STERLING Jan 20 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.5200 | 1.5340 |
| DM | 1.8380 | 1.81125 | 2.7925 | 2.78 |
| Yen | 152.60 | 151.30 | 232.0 | 232.0 |
| FFr | 6.14 | 6.06 | 9.33 | 9.295 |
| SFr | 1.5410 | 1.5180 | 2.3425 | 2.3275 |
| Guilder | 2.0720 | 2.0430 | 3.15 | 3.135 |
| Lira | 1,308.75 | 1,287.50 | 1,989 | 1,975 |
| BFr | 38.15 | 37.55 | 58.00 | 57.60 |
| C$ | 1.3585 | 1.3585 | 2.0645 | 2.0865 |

**INTEREST RATES**

| Euro-currencies (3-month offered rate) | Jan 20 | Prev |
|---|---|---|
| £ | 11 | 11 |
| SFr | 3 13/16 | 3⅞ |
| DM | 4 7/16 | 4 7/16 |
| FFr | 8⅞ | 9½ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 6 3/16 | 6⅛ |
| 6-month US$ | 6 3/16 | 6 3/16 |
| US Fed Funds | 6* | 5⅞ |
| US 3-month CDs | 5.75* | 6.025 |
| US 3-month T-bills | 5.30* | 5.47 |

**Treasury Index**

| Maturity (years) | Return index Jan 20 | Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 162.73 | +0.45 | 6.79 | –0.04 |
| 1–10 | 154.15 | +0.19 | 6.51 | –0.03 |
| 1–3 | 143.46 | +0.08 | 6.18 | –0.02 |
| 3–5 | 157.04 | +0.22 | 6.59 | –0.04 |
| 15–30 | 193.32 | +1.43 | 7.71 | –0.07 |

*Source: Merrill Lynch*

**US BONDS**

**Treasury**

| | | January 20* Price | January 20* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|---|
| 6⅝ | 1988 | 100 5/32 | 6.143 | (c) | (c) |
| 7¼ | 1993 | 100 27/32 | 6.388 | (c) | (c) |
| 7⅞ | 1996 | 101 28/32 | 6.988 | (c) | (c) |
| 7¼ | 2016 | 102 11/32 | 7.296 | (c) | (c) |

*Source: Harris Trust Savings Bank*

| Corporate | January 20* Price | January 20* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 3⅞ July 1990 | 92.334 | 6.40 | (c) | (c) |
| SCBT South Central | | | | |
| 10⅞ Jan 1993 | 106.125 | 9.534 | (c) | (c) |
| Phibro-Sal | | | | |
| 8 April 1996 | 100.50 | 7.920 | (c) | (c) |
| TRW | | | | |
| 8⅞ March 1996 | 105 | 7.965 | (c) | (c) |
| Arco | | | | |
| 9⅞ March 2016 | 112.875 | 8.656 | (c) | (c) |
| General Motors | | | | |
| 8⅛ April 2016 | 95.50 | 8.544 | (c) | (c) |
| Citicorp | | | | |
| 9⅞ March 2016 | 104.25 | 8.960 | (c) | (c) |

*Source: Salomon Brothers*

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **US Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| March | 101–24 | 101–28 | 101–12 | 101–16 |
| **US Treasury Bills (IMM)** $1m points of 100% | | | | |
| March | 94.91 | 94.94 | 94.88 | 94.91 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| March | – | – | – | 94.45 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| March | 94.07 | 94.09 | 94.06 | 94.02 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| March | 115–15 | 115–18 | 114–27 | 115–01 |

* Latest available figures